Executive Dept	Military Department	SCH. #	01-112
		Analyst:	Brasseaux

Issue: The Youth Challenge Program offered by the Louisiana National Guard has surpassed targets for numbers of student enrollment, graduations, and GEDs attained.

Indicator: Number of students enrolled

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	817
Q1	N/A	N/A	N/A	N/A	CURRENT YR TGT	1,000
Q2	502	500	580	16.0%	Perf Standard	1,000
Q3	N/A	N/A	N/A	N/A	YTD Actual	1,107
Q4	817	1,000	1,107	10.7%	Var from Standard	11%

Indicator: Number of students graduated

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	819
Q1	N/A	N/A	N/A	N/A	CURRENT YR TGT	750
Q2	435	375	432	15.2%	Perf Standard	750
Q3	N/A	N/A	N/A	N/A	YTD Actual	917
Q4	819	750	917	22.3%	Var from Standard	22%

Indicator: Number of GEDs awarded

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	409
Q1	N/A	N/A	N/A	N/A	CURRENT YR TGT	375
Q2	209	187	217	16.0%	Perf Standard	375
Q3	N/A	N/A	N/A	N/A	YTD Actual	429
Q4	394	375	429	14.4%	Var from Standard	14%

Analysis of Indicators:

Data Analysis:

The Youth Challenge Program, provided by the La. National Guard, is open to both males and females 16 to 18 years old who are drug free and have no felony convictions. While enrolled, these students work toward earning a General Education Development (GED) certificate. Students are provided uniforms, lodging, meals and a small weekly allowance. YCP teaches cadets life coping skills, educational excellence, responsible citizenship, health and hygiene, physical fitness and community involvement. The program is offered at Camp Beauregard in Pineville, Gillis Long Center in Carville, and Camp Minden.

The above indicators reflect the successes in educating and training high school dropouts from around Lousiana. This program has a proven record of excellence. The Louisiana program has been named the Best Overall Program in the nation two of the last three years by the National Guard Bureau. In addition, it was also named the best all-around program of its type in the nation by the United Services Organization.

Budget Impact:

The Youth Challenge Program began as a pilot program with 10 states around the country with 100% federal funding. In 1996 the pilot program was extended. However, in order to add more state programs, the state was required to come up with 25% as a match for the federal funds (75% federal/25% state). The popularity of this program is evident in the growth of these progams throughout the nation. Currently, thirty states have programs of this nature. While growth around the country may be considered a positive trend, the total funding available on a federal level has not grown accordingly. The result has been an increasing state match requirement and a declining federal match. The state match has increased in each of the succeeding years to its present match of 60% federal/40% state. The Military Department notes that the current federal/state split of 60%-40% will remain in effect unless there is a change brought about by Congress. The Military Department has stated that it has requested more funding and as a result, there will be an attempt on the part of our congressional delegation to increase the funding available for this program on a national basis.

Currently, there is approximately $60 million available in federal funding. The state general fund expenditures related to this program have grown from $0 in FY 96 and 97 to $6.6 million in FY 02. Total expenditures (state plus federal) have grown from $4.5 million to $14.2 million during this same time period.

The Youth Challenge Program currently provides services to approximately 1,000 youth. However, demand for this program is estimated to be nearly 1,500 per year. To provide services to these additional persons would require additional funding from both the state and federal levels. While no additional federal match money is available at this time, the ongoing efforts of Louisiana's congressional delegation as well as others around the country certainly may be successful in making more funds available in the near future.

The Military Department also notes that it recently received a three year grant from a private group to set up regional mentoring groups. According to the Military Department, this grant has been very successful in helping to track these students as they leave the program. This money has been used to hire case managers, help find mentors, train mentors, and track youth through these mentors. As this grant term will expire soon, there is some concern on the part of the Military Department that the loss of these funds will negatively affect its efforts to sustain the success reached by these students. While some concern has been raised in the past that a greater time frame (students are now tracked for one year) should be used to track these students, additional funding will be required to provide this service.

One potential solution agreeable to the LFO would provide that one class of students be tracked over a three year period upon completion of the program. For instance, one class of 100 students at Camp Minden could be tracked over a three year period to determine with greater certainty how successful this program has been in turning these persons into productive citizens. The Military Department states that this effort would likely cost approximately $200,000 per year for three years. The large part of this funding would be salary and related benefits of four persons who would provide the same services currently provided with the private grant funds. With the State expending nearly $7 million of SGF annually on this program, it is important to assure the Legislature that these funds are being spent wisely and that the lessons learned by youth through this program are long-term.

If additional matching funds do become available in the future, renovations would be required to existing facilities at the current sites to increase number of slots available each year. The federal government typically provides $50,000 per building for renovations in order to make space available for this program. The most likely location for renovations of this nature would be at Camp Minden. The Military Department notes that approximately $300,000 in one-time costs are necessary for each 100 person class to be added. Therefore, state funding in the $250,000 (most likely provided through Capital Outlay) range would be necessary to be complete these type of renovations necessary to add a 100 person class. Ongoing costs, as stated earlier, are currently 60% federal/40% state.

LFO Comment:
While the state general fund expenditures related to this program have grown significantly since its inception, the program has consistently met and exceeded its targets in relation to its performance indicators. Although the state general fund expenditures have increased significantly in relation to this program, the ultimate cost to the state is significantly lower than the potential costs of placing these same individuals in juvenile facilities around the

state. The cost to the state to house a person in a juvenile facility can reach as high as $120.19/day or over $43,000 per year. Should additional federal funding become available in the near future for this program, the State should seriously consider making additional state funds available as a match to provide additional slots for these youth at the three Youth Challenge sites around the state. In addition, tracking these students (or a specific group of students) over an extended time frame would give the Legislature assurances that the program is effective not only in the short term, but over an extended period as well.

<u>Finally, the LFO would recommend that the performance standard for the percentage of entrants graduating be increased to more accurately reflect historical performance. This performace standard has been set at 75% for the past three years while the actual percentage graduating in each of these years has been a minimum of 83% and a high of 86%. The Military Department has agreed with this recommendation and notes that it will attempt to increase this number to 80% in the upcoming budget cycle.</u>

Agriculture and Forestry | **Animal Health Sciences** | **SCH. # 04-160**
Analyst: Kristy Freeman

Issue: To capture 3,400 beavers, coyote, and other nuisance animals and eliminate animal control problems in agriculture.

Indicator: Number of beaver captured

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	1,817
Q1	507	750	753	0.4%	CURRENT YR TGT	2,000
Q2	684	975	1,286	31.9%	PERF STANDARD	2,000
Q3	1,285	1,300	2,256	73.5%	YTD ACTUAL	3,285
Q4	1,817	2,000	3,285	64.2%	VAR. FROM STD.	64.2%

Indicator: Number of coyote captured

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	561
Q1	124	130	134	3.1%	CURRENT YR TGT	500
Q2	249	250	345	38.0%	PERF STANDARD	500
Q3	397	375	571	52.3%	YTD ACTUAL	731
Q4	561	500	731	46.2%	VAR. FROM STD.	46.2%

Indicator: Number of nuisance animals captured

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	1,140
Q1	370	205	211	2.9%	CURRENT YR TGT	900
Q2	600	500	401	(19.8%)	PERF STANDARD	900
Q3	901	700	765	9.3%	YTD ACTUAL	1,217
Q4	1,140	900	1,217	35.2%	VAR. FROM STD.	35.2%

Indicator: Number of nuisance animal complaints

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	504
Q1					CURRENT YR TGT	500
Q2	233	250	150	(40.0%)	PERF STANDARD	500
Q3					YTD ACTUAL	816
Q4	504	500	816	63.2%	VAR. FROM STD.	63.2%

Analysis of Indicators:

The Animal Nuisance Control Program's long-term goal, which was transferred to the Department of Agriculture and Forestry from the Department of Wildlife and Fisheries in 1989, is to eliminate the nuisance control problems of animals in the agriculture industry. The problems with these nuisance animals (beaver, coyote, coydog, fox and bobcat) are disruption of drainage systems, standing water, feeding damage to trees, agricultural crops and landscape plants and the killing of small animals, such as calves, sheep and goats.

The total number of animal captured for FY 01-02 is 5,233, which includes 3,285 beaver, 731 coyote and 1,217 other nuisance animals. Although the number of animals caught was greater than the prior year and the Department's targets, the number of nuisance animal complaints increased. The Department attributes the higher number of complaints and number of animals caught to:

1. The state has such a large number of nuisance animals that it would take one animal control officer per parish to eliminate the population of nuisance animals. The Department of Agriculture and Forestry has nine animal control officers in the program.
2. Complaints are received from the general public based on damages caused by nuisance animals. It is hard to predetermine the number of complaints received at any given time.
3. Weather conditions play a major factor in both the number of complaints and the number of animals caught. During dry climate years, the movement of animals is reduced because of the lack of water. During rainy years, the nuisance animals tend to move more frequently.

Budget Impact:
For FY 01-02, the Department expended $330,835 on the Animal Nuisance Control Program and has a FY 02-03 budget of $307,155. Also, the Department allots ten positions to this program, nine nuisance control officers and one director. The estimated value of forestland, timber, livestock and other agricultural animals lost due to nuisance animals is $15 million. The land and crop acres in agriculture impacted by beaver are 949,751. The budget impact important to this issue involves costs to the state in preserving the land and animals and offsetting costs associated with the control of the nuisance animals.

LFO Comment:
What seems to be a relatively small program within the Department has a large impact throughout the state. The number of animals caught was greater than the prior year actual and the Department's targets for the current year. Maybe raising the performance standards should be considered for next fiscal year, so the Department of Agriculture and Forestry would meet the performance indicator targets.

The Department is pursuing a variety of efforts to successfully accomplish the goal of eliminating the nuisance animal control problems in the agricultural industry. The Department has cross-trained an additional 31 forest fire fighters to assist with nuisance animal control during their slow season and the Livestock Brand Commission has trained 32 parish police jury highway department employees to provide trapping services on their right-of-ways. Also, the use of beaver meat as food and an increase in the price of beaver pelts would help reduce the number of nuisance beavers.

Department of Economic Development **SCH # 05-252**
Office of Business Services
Cluster Services Program **Analyst: Julie A. Samson**

Issue: An examination of the Cluster Services Program after one year of operation.

PERFORMANCE INDICATORS	PERFORMANCE STANDARD	YEAR-END ACTUAL	FINAL VARIANCE	FY'02-03 STANDARD	FY'03 DETAIL BY CLUSTER
Number of organizations / networking opportunities launched in target industry clusters	9	38	322.2%	18	
Number of collaborations / interactions initiated	54	155	187.0%	100	
Number of leads for new locations / expansions generated	200	299	49.5%	200	*
Number of companies in target clusters located /expanded	20	52	160.0%	28	*
Number of jobs created in target industries	2,500	1,571	-37.2%	2,583	*
Investment generated	$400,000,000	$817,633,791	104.4%	$464,000,000	*
Number of Louisiana companies retained or expanded	40	32	-20.0%	50	*
Number of jobs retained or added in target industries	1,868	1,200	-35.8%	2,530	*

Analysis of Indicators:

In FY'02 the Department of Economic Development began the cluster services approach. By October of that year eight of the nine cluster directors were employed. The ninth director was employed in November. Therefore, the majority of the information in this write-up refers to the last two quarters of the fiscal year.

The Department set the performance standards for the above indicators with the assistance of NASDA. NASDA was under contract with the department to aid in the reorganization process. The majority of the performance standards listed above were based on benchmarking of similar states.

DED met or surpassed all of the performance standards for the Cluster Services Program with the exception of three. For those standards that were surpassed, the Department explains that the transition they were going through and the newness of the program made it difficult to set standards. The performance standards for the majority of those indicators have been adjusted upward for fiscal year 2003. The exception is the indicator "Number of leads for new locations/expansions generated". The performance standard for that indicator was kept at the same level as FY'02.

The first indicator that did not meet the standard was "Number of Louisiana companies retained or expanded". DED explains that due to the decline in the economy they were unable to meet this standard. However, in FY'03 the department did increase the standard from 40 companies to 50 companies.

The last two indicators that did not meet the performance standard both related to job counts. DED has cited several reasons for not meeting those standards. First, DED has stated that the standard was based on a history across all industries and not just those industries targeted by the various clusters. DED goes on to explain that the number of jobs in the cluster areas may be fewer but tend to be higher paying. Secondly, DED sites the slowing economy as another reason for lower numbers than anticipated. The final explanation provided by the Department is that the focus of the newly reorganized DED is not the creation or retention of jobs. It was explained that the creation and retention of jobs should be a result of the other activities being performed by the clusters. However, the fact that the standards were not achieved needs to be looked at more closely by the department. The standards for these indicators were adjusted upward for FY'03.

Budget Impact:
Due to the cluster based services approach being so new to the Department of Economic Development and the short time frame (6 full months) that the indicators cover, it is premature to try to determine if a budget adjustment is necessary at this time.

LFO Comment:
One of DED's objectives is "Through the Cluster Services Program, to create 2,500 jobs in target industries by facilitating the location from out of state, or the expansion within the state, of 20 companies in target industries". DED was able to surpass the number of companies locating or expanding by 32 companies and indicators show that they generated $817 million in investment. That is $400 million more in investment than anticipated. However, they missed the standard "number of jobs created in target industries" by 929 jobs. It would seem that if the Department is generating such a high level of investment, attracting new businesses or expanding existing businesses, there would also be an increase in the number of jobs created. <u>This raises questions pertaining to how DED is arriving at some of the calculations or that these indicators may not be the most accurate way to measure the department's activities</u>.

DED stated that they surpassed the target for the indicator "investment generated" because greater than 50% of that investment was from the petrochemical industry. This leads to the question, would this investment or expansion have taken place without the department's assistance? The petrochemical industry has been well established in Louisiana for over 50 years and it is possible that the expansions and retention may be a result of other factors in addition to cluster based services. Therefore, should the department attribute all $400 million of the investment activity to their efforts?

In FY'03 the Department of Economic Development will begin providing a more detailed picture of cluster activity, which should more accurately reflect performance attributable to targeting by cluster. The last column, of the chart, on page one of this write-up indicates those indicators that will be reported as a total and also by individual cluster. This level of detail will provide the legislature and DED the detail needed to analyze each cluster and make necessary adjustments.

As mentioned before, the standards for FY'03 were increased for the majority of the indicators. However, it appears that they may not have been adjusted high enough. The Department will need to monitor this throughout the year and may need to adjust targets as needed.

Issue: **The Collections Section of the Civil Division closed 15,957 more defaulted student loan cases than targeted, recovering $4,636,803 in student loan collections during fiscal year 2001-2002.**

1 **Indicator: Number of outstanding student loan cases closed**

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	16,314
Q1	1,853	625	3,667	486.7%	CURRENT TARGET	2,500
Q2	3,592	1,250	5,964	377.1%	PERF. STANDARD	2,500
Q3	7,607	1,875	11,150	494.7%	YTD ACTUAL	18,457
Q4	16,314	2,500	18,457	638.3%	VARIANCE	638.3%

2 **Indicator: Total collections from outstanding student loan cases**

QUARTERLY	PRIOR YEAR	CURRENT EST	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	$4,738,819.30
Q1	$1176361.90	$750,000.00	$1,083,713.00	44.5%	CURRENT TARGET	$3,000,000.00
Q2	$2317039.57	$1,500,000.00	$2,251,389.11	50.1%	PERF. STANDARD	$3,000,000.00
Q3	$3511190.42	$2,250,000.00	$3,434,878.76	52.7%	YTD ACTUAL	$4,636,803.11
Q4	$4738819.30	$3,000,000.00	$4,636,803.11	54.6%	VARIANCE	54.6%

Analysis of Indicators:

One of the objectives of the Collections Section of the Civil Division is to collect an average of $3,000,000 in outstanding student loans each fiscal year. According to the Department, 17,056 outstanding student loan cases were received from the Office of Student Financial Assistance (OSFA) since the beginning of this fiscal year. Debtors are contacted by phone and by mail with the use of information provided by the Louisiana Department of Labor, the Department of Motor Vehicles, credit bureaus, and the internet. If payment is not made voluntarily, collections are attempted through administrative wage garnishments. At year-end, the Department was able to close 18,457 cases, a 638.3% increase over the performance standard of 2,500 cases.

As the top performer of the three contractors collecting for OSFA, the Department is receiving approximately one-half of the placements that are made to OSFA each week. The

Department indicated that the increase in number of cases closed is partly due to changes that were made to the contract with OSFA. The provisions require the Department to close all cases under the new contract that had no payment within 270 days of placement with the Department. The provisions also stipulate that the Department close those cases that had a gap of more than 60 days between payments. As a result, the Department has increased efforts to identify accounts that are uncollectible. Of the 18,457 cases closed, approximately 1,443 were either paid off, canceled with a balance of less than $50, or paid off with other loans. The remaining 17,014 cases were deemed uncollectible due to the 270 day no payment provision, the 60 day gap between payment provision, the person's death, placement errors, and the Department's inability to locate the person.

The Department indicated that the number of cases written-off as uncollectible is higher than desired, but is mostly due to the provision that requires the closure of cases with more than 60 days between payments. The Department explained that once a person is late making payment and OSFA's attempt to collect fails, that person's file is placed in default status and sent to one of the three contractors to begin collection proceedings. The Department sends a demand letter, the person makes a few payments, and then stops. The Department stated that they are not allowed to print their own notices or garnishments and has to request the paperwork from OSFA. In most instances, by the time the paperwork is received, notices are sent out, OSFA-mandated time delays are realized, garnishment is initiated, and payment is made, 60 days has elapsed. <u>As a result, the Department is forced to close a case that could have been collected on had that provision not been in effect</u>.

Budget Impact:

As a result of the Department's efforts, $4,636,803 has been collected from outstanding student loan cases by the end of the fiscal year. The Department was able to collect more despite the fact that the new contract with OSFA reduced their collection fees from 25% to 12%. The Department has demonstrated their ability to achieve more with less, resulting in a 54.6% increase in collections over the fourth quarter target set at $3,000,000.

LFO Comment:

For the second consecutive year, the Department has exceeded its performance standard to close 2,500 outstanding student loan cases by midyear. During the midyear Performance Review subcommittee meeting, the LFO recommended that the performance standard of 2,500 (for outstanding student loan cases closed) be increased for future fiscal years. For FY 02-03, the performance standard for number of outstanding student loan cases closed is

5,000. The Department expressed concerns with further raising this estimate due to the nature of their relationship with OSFA. As long as they are the top collectors, they are assured of receiving half of the available accounts, otherwise, they would only receive 30% or 20% of the placements. Furthermore, the number of accounts that will be available for placement is indeterminable, thereby making it difficult to estimate how many cases would be closed. (It should be noted that the Department has been OSFA's top collector for the past two years.)

However, based on historical data, the LFO would still recommend that the performance standard be revised upward. Since FY 98, the number of outstanding student loan cases closed has risen dramatically: 4,256 in FY 98, 4,139 in FY 99, 6,229 in FY 00, 16,314 in FY 01, and 18,457 in FY 02. According to FY 02 general performance information, 15,166 outstanding student loan cases were pending as of June 30, 2002. With so many cases pending, and the potential to receive either 50%, 30% or 20% of the new placements, it is the LFO's opinion that estimates should be increased for FY 03.

The Department also indicated that plans are under way to increase the FY 03-04 performance standard for the amount of student loan collections received (currently set at $3 million). Preliminary estimates show that more students are utilizing the Rehabilitation and Consolidation programs created by the federal government. The programs allow students to bring their loans out of default status through rehabilitation, and execute new promissory notes to pay off the loans through consolidation. Student participation in these programs is allowing the Department to resolve more cases through payoff. <u>In an effort to further increase collections, the LFO would also recommend that the Department consider renegotiating the contract with OSFA to amend the 60 day gap provision</u>. Because of this provision, the Department is forced to close on cases that could ultimately be deemed collectible if given more time. With more students taking advantage of the federal programs available to assist them in paying on defaulted loans, requesting an extension of the 60 days could result in potentially more being collected.

Public Service Commission **SCH. # 04-151**

Analyst: Julie A. Samson

Issue: The greater than anticipated responce to the "Do Not Call Program"

Indicator: Number of (telephone numbers) registered in "Do Not Call"

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	0
Q1	0	0	0		CURRENT YEAR TARGET	250,000
Q2	0	0	0		PERFORMANCE STANDARD	60,000
Q3	0	0	0		YTD ACTUAL	254,873
Q4	0	250000	254873	1.9%	VARIANCE FROM STANDARD	324.8%

Indicator: Number of registered soliciators (telemarketers)

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	0
Q1	0	0	0		CURRENT YEAR TARGET	300
Q2	0	0	0		PERFORMANCE STANDARD	550
Q3	0	0	0		YTD ACTUAL	177
Q4	0	300	177	(41.0%)	VARIANCE FROM STANDARD	-67.8%

Indicator: Funds collected from solicitors (telemarketers)

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	0
Q1	0	0	0		CURRENT YEAR TARGET	240,000
Q2	0	0	0		PERFORMANCE STANDARD	440,000
Q3	0	0	0		YTD ACTUAL	141,600
Q4	0	240,000	141,600	(41.0%)	VARIANCE FROM STANDARD	-67.8%

Analysis of Indicators:

The Louisiana Public Service Commission's "Do Not Call Program" allows residential telephone subscribers, who object to receiving telephone solicitations, to register with the PSC free of charge. Once registered with the PSC they are included on a list which is purchased by telemarketers. Telemarketers are not allowed to call those residential subscribers who are on the list and will be fined if they do so. The "Do Not Call Program" went into effect on January 1, 2002. Therefore, the information provided in this write-up is only for the last six months of FY'02.

The Louisiana Public Service Commission had a greater that anticipated response to the newly created "Do Not Call" program. Originally, the Commission anticipated approximately 60,000 subscribers to the program in the first fiscal year. This number was based on other states' experience with similar programs. When it became apparent that the actual would exceed the performance standard, the PSC increased the fourth quarter target to 250,000. At the end of the fiscal year the PSC had registered 254,873 phone numbers, and by October 15, 2002 that number had grown to 281,000.

The PSC has indicated that the high volume of subscribers is not causing difficulties. Registration of subscribers is handled outside of the PSC through contracts with two separate entities. Subscribers may register via the internet or by phone. According to the PSC the majority (approximately 60%) are registering via the internet.

The number of solicitors / tele marketers who have registered with the PSC is lower than originally anticipated. The performance standard was set at 550 and when PSC realized that this would not be reached the 4th quarter target was lowered to 300. At the end of the fiscal year the PSC had only registered 177 solicitors. On October 15, 2002 this number had grown to 250. According to the PSC, once the first fines were issued many solicitors began to register. The PSC registers the solicitors in-house and also provides them with the list of residents who are registered with the program.

The third indicator, "Funds Collected from Solicitors", shows that the PSC did not generate the funds that were anticipated. This is directly related to the number of solicitors that register with the program. The performance standard was set at $440,000 and due to the low number of solicitor enrollment, the PSC lowered the 4th quarter target to $240,000. At the end of the fiscal year the PSC had only collected $141,600. This number only includes registration fees because, no fines were collected in the first fiscal year. In future fiscal years the PSC will not only collect the registration fee of $800 from each solicitor; they will also collect fines. This program does not require that the subscriber pay.

Budget Impact:
The budget for the first fiscal year of the "Do Not Call Program" was $240,000. The program only collected $141,600 in registration fees. Fiscal year 03's budget for the program was set at $271,504. The increase in appropriation was for an additional enforcement agent. The PSC is estimating that in the first full fiscal year (FY'03) they will generate approximately $400,000 in registration fees and fines. These funds are classified as self-generated revenue. Therefore, any funds that they collect above the appropriated amount will revert to the State General Fund.

LFO Comment:
The indicators for this program show the difficulty in setting performance indicators for a new program. As the PSC familiarizes itself with the operations and functions of the program the accuracy of setting indicators should improve.

It should be noted that in FY'03 the indicators for this program have changed and the amount of information provided through performance indictors will be reduced. The indicators for FY'03 will only include information pertaining to the number of registered subscribers. The Commission should consider placing back into the system the indicators pertaining to the number of registered solicitors and the amount of funds collected. This is valuable information and gives an overall picture of the program.

Elections & Registration **Commissioner of Elections** **SCH. # 04-144**
Analyst: Shanda Jones

Issue: **It costs approximately $4.7 million to maintain, store, and transport voting machine equipment used during the elections process. The Department of Elections & Registration has been unsuccessful with efforts to streamline operations through the implementation of measures that would reduce the costs associated with the administration of voting machine equipment.**

1 **Indicator: Total # of voting machines (all types)**

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	8,548
Q1	8,548	8,548	8,548	0.0%	CURRENT TARGET	8,548
Q2	8,548	8,548	8,548	0.0%	PERF. STANDARD	8,548
Q3	8,548	8,548	8,543	(0.1%)	YTD ACTUAL	8,543
Q4	8,548	8,548	8,543	(0.1%)	VARIANCE	-0.1%

2 **Indicator: Average annual cost per voting machine to maintain statewide (GPI)**

FISCAL YR	Cost	#Machines	Actual
1998	$2,391,287 /	8,509 =	$281.03
1999	$2,347,261 /	8,545 =	$274.69
2000	$2,350,590 /	8,548 =	$274.99
2001	$2,328,561 /	8,548 =	$272.41
2002	$2,517,706 /	8,543 =	$294.71

3 **Indicator: Average annual cost per voting machine to store statewide (GPI)**

FISCAL YR	Cost	#Machines	Actual
1998	$1,258,686 /	8,509 =	$147.92
1999	$1,319,849 /	8,545 =	$154.46
2000	$1,373,599 /	8,548 =	$160.69
2001	$1,341,228 /	8,548 =	$156.91
2002	$1,427,729 /	8,543 =	$167.12

4 **Indicator: Average cost per voting machine to deliver to precinct (GPI)**

FISCAL YR	Cost	#Machines	Actual
1998	$766,505 /	13,425 =	$57.10
1999	$1,183,463 /	25,752 =	$45.96
2000	$1,325,455 /	26,874 =	$49.32
2001	$1,005,285 /	20,985 =	$47.90
2002	$800,942 /	15,892 =	$50.40

Analysis of Indicators:

The Department of Elections & Registration is responsible for procuring, maintaining, storing, and delivering voting machines statewide. Employees program mechanical and computerized voting machines and absentee ballot counting equipment for each local, statewide, and special election. At year-end, there were 8,543 voting machines used for elections: 4,221 mechanical machines with printout capabilities (AVM POM) that were used by 78.1% of the parishes; 3,991 computerized machines with printout capabilities (AVC Advantage) that were used by 18.8% of the parishes; and 331 mechanical machines without printout capabilities (Shoup 2.5) that were used by 3.1% of the parishes. One of the objectives of the Department was to replace mechanical, non-printing voting machines with computerized voting machines with printout capabilities in large metropolitan areas of the state. In June of 2002, the Department replaced some Shoup 2.5 voting machines with computerized voting machines in two parishes, Ascension and Tangipahoa. The voting machines are currently stored in 65 warehouses located across the state at a cost of $1,427,729.

Budget Impact:

In FY 02, the Department expended $4,746,377 to maintain, store, and deliver the different types of voting machines used during the elections process. The following lists the total cost for the last five fiscal years:

Fiscal Year	Total Cost
1998	$4,416,478
1999	$4,850,573
2000	$5,049,644
2001	$4,675,072
2002	$4,746,377

It is estimated that FY 03 costs will probably be higher than the above due to the purchase of new touch screen absentee voting equipment. An additional $400,000 will also be needed in the current year to cover the cost of hiring more technicians to service machines for the fall elections. According to the Department, congressional legislation recently passed where the federal government will provide states with 95% of the cost of implementing election administration reform, including reimbursement for costs associated with the replacement of punchcard or mechanical, lever-type voting machines purchased after Jan., 2001. Reimbursement will also be provided for costs incurred in obtaining voting equipment obtained after the November 2000 federal election, if the machines meet the requirements of the legislation. If the federal funding commitment and required mandates of this legislation are identified in time, the Department plans to submit a request for this assistance and incorporate costs in their capital outlay and operating budget requests for FY 03-04. The monies will be used to meet federal mandates for election administration reform and purchase, over four years, new voting machines to replace the 4,221 mechanical machines currently in use.

LFO Comment:

The Department of Elections & Registration's responsibility of maintaining, storing, and delivering voting machines is costly. Over the last few years, cost saving measures were being considered by the Department, such as, whether or not to purchase new voting machines, lease voting machines, contract out the whole elections process, or some combination of the three options. Although one of the costlier options, the Department decided to purchase new computerized voting machines because the computer software that would be used can be easily upgraded. However, expected savings for storage of the smaller machines was not realized in FY 02 because the machines, delivered in June 2002, were not accepted for use in two parishes until July. As a result, the old machines had to be maintained. The Department indicated that savings will probably not be realized because the new machines have to be stored in climate-controlled warehouses, which will probably result in an increase in storage costs. Currently, the voting machines are being stored in 65 warehouses on a contractual month-to-month basis until the results of a study conducted by a commission established to determine the feasibility of regional storage is revealed. To date, the commission has not made a recommendation on this issue.

The Department indicated that no definitive decision has been made with regard to how this activity will be funded once the merger between the Department of Elections and the Department of State takes place. The merger is schedule to take effect Jan., 2004. The Departments of Elections and State plan to submit separate, independent budget requests for FY 03-04. The plan is to have language placed into the FY 04 appropriations bill that transfers all duties, functions, and funding of the Department of Elections to the Department of State effective Jan., 2004.

Health and Hospitals **MV Administration** **09-305**
Analyst: Brian Crow

Issue: **Effectiveness of Title XIX /Title XXI children's programs in Medicaid.**

Indicator: Average cost per Title XIX enrollee per year

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	1,657
Q1		1,398	1,398		CURRENT YEAR TARGET	1,398
Q2	1,657	1,398	1,398	0.0%	PERFORMANCE STANDARD	1,398
Q3		1,398	1,398		Effectiveness of Title XIX /Title X	1,793
Q4	1,657	1,398	1,793	28.3%	VARIANCE FROM STANDARD	28.3%

Indicator: Average cost per Title XXI enrollee per year

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	1,053
Q1		1,241	1,241		CURRENT YEAR TARGET	1,241
Q2	1,053	1,241	1,241	0.0%	PERFORMANCE STANDARD	1,241
Q3		1,241	1,241		Effectiveness of Title XIX /Title X	1,109
Q4	1,053	1,241	1,109	(10.6%)	VARIANCE FROM STANDARD	(10.6%)

Indicator: Number of children remaining uninsured

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	25,145
Q1					CURRENT YEAR TARGET	93,629
Q2	25,145	128,038	120,011	(6.3%)	PERFORMANCE STANDARD	98,755
Q3					Effectiveness of Title XIX /Title X	83,462
Q4	25,145	93,629	83,462	(10.9%)	VARIANCE FROM STANDARD	(15.5%)

Analysis of Indicators:

The objective of DHH was to achieve 80% or greater enrollment of children birth through 18 years old living below 200% of the Federal Poverty Level (FPL) who are potentially eligible for services under Title XIX (Medicaid) and Medicaid expansion under Title XXI (LaCHIP) of the Social Security Act.

For Title XIX enrollees, the average cost was projected to be $1,398 per year. However, the Department of Health and Hospitals (DHH) reported an actual cost of $1,793, a 28.3% variance. Information provided by DHH indicates that the average cost exceeded expectations due to increased utilization of inpatient hospital services by disabled Medicaid recipients that have health conditions that require higher levels of medical care for chronic illness.

For Title XXI enrollees, the average cost was projected to be $1,241 per year. DHH reported that the actual cost was $1,109, a 10.6% variance. Analysis of the end of the year data indicates the children enrolled in LaCHIP receive more primary care, specifically more pharmacy services and more doctor visits, resulting in fewer emergency visits and other costly services. The average cost per enrollee was therefore less than projected as this population is made up of children that are, by and large, healthier than children covered through the Title XIX (Medicaid) program.

For FY 02, the percentage of expenditures for Medicaid and LaCHIP recipients that support the DHH explanation relative to higher than expected average payment for Title XIX (Medicaid) recipients, and lower than expected average payment for Title XXI (LaCHIP) recipients were as follows:

Provider	Title XIX (Medicaid)	Title XXI (LaCHIP)
Hospital-Inpatient	40%	22%
Hospital-Outpatient	14%	21%
Physician Services	20%	24%
Pharmacy	26%	33%

Additionally, DHH reported that the target for number of children remaining uninsured (93,269) was exceeded by 10.9%--the target was 93,629 children while the actual number remaining uninsured was 83,462.

LaCHIP Outreach Impact on Enrollment

	Prior to LaCHIP	SFY99	SFY00	SFY01	SFY02	SFY03
LaCHIP Std	0	28,350	39,075	50,362	69,115	85,498
LaCHIP Actual	0	33,497	33,497	54,343	74,407	81,742*
Medicaid Std	315,271	344,683	359,433	359,427	449,655	502,985
Medicaid Actual	315,271	337,459	344,127	395,387	459,656	475,572*
TOTAL Std	315,271	373,033	398,508	409,789	518,770	588,483
TOTAL Actual	315,271	370,956	377,624	449,703	534,063	557,314

*As of September 30, 2002

Original projections used only the number of LaCHIP and additional Medicaid children and was difficult to measure. In addition, goals were set based on the original projections for all three phases developed by Dr. Thorpe and the LaCHIP Task Force. However, the number of uninsured children is not a static number and changed over the three phases. It changes as a result of children being born, families losing employment and concomitant health coverage and other factors such as increasing premiums which may cause families to drop coverage. When developing standards for FY01, it was realized that the indicator needed to be updated as it appeared we had hardly any uninsured children left. We therefore updated the projected numbers of potential eligibles based on an updated report from Dr. Kenneth Thorpe, Emory University. At the same time we also converted to a number for Medicaid children that was a total number.

The Performance Indicators were restructured to reflect all children under 200% poverty who could potentially be eligible for Medicaid or LaCHIP. In this form, the Performance Indicator can address changes due to both LaCHIP and Medicaid child enrollment. Numbers of potential eligibles should actually be updated annually based on new estimates. We will be working with Dr. Kenneth Thorpe to re-project these numbers for SFY04. Growth in monthly enrollment for both programs has stabilized at around 1% - 1.5% except for the months of the Covering Kids' "Back to School" campaign when there are some higher increases for August through September.

Budget Impact

Title XIX	FY 01	FY 02	FY 03 (projected)
Eligible Children	395,387	459,656	502,985
Expenditures	$725,219,913	$771,369,176	$820,398,579
Average Cost	$1,657	$1,793	$1,810

Title XXI	FY 01	FY 02	FY 03 (projected)
Eligible Children	54,343	74,407	81,742
Expenditures	$45,501,611	$75,703,355	$87,581,770
Average Cost	$1,053	$1,109	$1,222

NOTE: Average Cost per eligible per year is calculated by taking total vendor payments made in prior 12 months for LaCHIP (Type Case 07, 15, 55) non-institutionalized recipients under age 19 divided by number of member months for non-institutionalized LaCHIP eligibles < 19 years for same period, then multiplied by 12.

EXAMPLE - SFY02 LaCHIP Expenditures:

$75,703,355 / 818,953 = $92.44 X 12 = $1,109.27

LFO Comment:
Performance indicators in Act 13 have been adjusted for FY 03 to more accurately reflect the estimated number of recipients and expenditures for this program (see projections in table above). DHH anticipates that the standards and targets for this program in FY 03 should be met.

<u>The continued growth in the number of recipients/expenditures in Medicaid and LaCHIP is cause for serious concern</u>. Expenditures as a result of outreach activities relative to Medicaid children have increased by 92% from FY 01 to FY 03, while enrollment has increased by 27% and the average cost has increased by 9.2%; for LaCHIP, expenditures have increased by 13%; enrollment has increased by 50%, and the average cost has increased by 16.1% for the same period. <u>Should this pattern of growth be sustained, particularly in the Medicaid group, it is difficult to see how the state can afford this level of expenditure</u>.

It is imperative (for budgetary purposes) that DHH accurately determine the maximum number of recipients that will eventually be covered through both programs (585,000 estimated for FY 03 in both programs). At some point in time, the enrollment should level out and become static. Then, and only then, can the Department deal with the issue of adequate funding for the program. The state does not have the resources to continue to support the kind of growth that has occurred since the implementation of LaCHIP.

Health and Hospitals **MV PAYMENTS YTD ACTUAL 09-306**
Analyst: Brian Crow

Issue: **Failure to enroll recipients in mental health rehabilitation**

Indicator: To increase the number of children in mental health rehabilitation

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	540
Q1		70	68		CURRENT YEAR TARGET	400
Q2	540	150	139	(7.3%)	PERFORMANCE STANDARD	400
Q3		250	185		YTD ACTUAL	283
Q4	540	400	283	(29.2%)	VARIANCE FROM STANDARD	-29.2%

Indicator: Percentage of recidivism in psychiatric hospitalizations

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	10.6
Q1		10.2	5.7		CURRENT YEAR TARGET	10.2
Q2	10.6	10.2	10	(2.0%)	PERFORMANCE STANDARD	10
Q3		10.2	7.8		YTD ACTUAL	8.5
Q4	10.6	10.2	8.5	(16.7%)	VARIANCE FROM STANDARD	(16.7%)

Analysis of Indicators:

The objective of DHH was to increase the number of children/adolescents enrolled in Mental Health Rehabilitation Services in an effort to not exceed a 10.2% percent recidivism in psychiatric hospitalizations for children/adolescents in the pilot regions.

The Department of Health and Hospitals (DHH) targeted mental health rehabilitation enrollment from the Hospital Admissions Review Process (HARP) Program and the pilot regions at 400 individuals for FY 02. The target for this performance indicator was reduced from 540 recipients in FY 01. Additionally, DHH reports the actual number of recipients that enrolled in the MHR services program was 283, a 29.2% variance.

Information provided by DHH indicates that the adjustment was necessary as a result of changes in data collection methodologies. During the first 2 years of the program this indicator reported on the number of recipients that were recommended by HARP to receive mental health rehabilitation (MHR) services. It was not until the last 2 years that a mechanism was put into place to count the number of recipients who actually began to receive MHR services. When this was done, it became apparent that a reduction in the target would be required. The Department is currently obtaining data to explain why those that are found eligible for MHR services do not receive the service.

MHR services are defined as services which are medically necessary and can reasonably be expected to reduce the disability resulting from mental illness to restore the individual to his/her best possible functional level in the community   MHR services assist individuals in all areas of life including physical health, mental health, employment, social/recreational activities, finances, and housing. The services assist in stabilizing an individual in their environment and then help them to reach new levels of independence. MHR service providers are required to get prior authorization before treatment is started.

DHH monitors program performance and tracks progress towards global outcomes such as the following:

1. A child's behavior and attendance in school;
2. The type of housing a child or adult lives in. The system tracks movement from more restricted to less restrictive environments;
3. The type of employment for an adult. The system tracks movement from unemployment to full-time employment;
4. The number of hospitalizations and the number of days hospitalized;
5. For a child, the type of school setting. The system tracks movement from more restrictive to a less restrictive environment. The system also tracks adults that have returned to school to complete their education; and
6. Adults who have overcome their mental illness and can now contribute to society by volunteering.

To monitor statewide performance of the MHR program, DHH established performance indicators on all agencies that provide MHR services. The Department prepared a report that compares baseline (the recipient's status 1 year prior to MHR intervention) to at least 6 months of MHR intervention. Performance was monitored on 828 children and 418 adults. Results are as follows:

Youth MHR Performance goals/indicator (828 individuals)	**Baseline assessment score**	**6 month follow-up score**	**Change in score**
1. To reduce the percentage of youth hospitalized.	29.76%.	8.91%	-20.85%
2. To reduce the average number of days youths are hospitalized.	4.63 days	2.55 days	-2.08 days
3. To increase the percentage of youth who are living independently.	80.80%	91.44%	10.64%
4. To reduce the school adjustment score of youth.	4.39	4.01	-0.38
5. To reduce the percentage of youth and out of school (drop outs, expelled, or truant).	1.59%	1.40%	-0.18%

Adult MHR Performance goals/indicator (418 individuals)	Baseline assessment score	6 month follow-up score	Change in score
1. To reduce the percentage of adults hospitalized.	38.3%	17.4%	-20.9%
2. To reduce the average number of days adults are hospitalized.	9.6 days.	4.8 days	-4.8 days
3. To increase the percentage of adults who are living independently.	39.1%	48.4%	9.3%
4. To increase the percentage of adults who are working on their education.	1.6%	2.1%	0.5%
5. To increase the percentage of adults compensated employment.	2.1%	3.8%	1.7%
6. To increase the percentage of adults in supported employment.	0.26%	0.72%	0.46%
7. To increase the percentage of adults and pre-vocational training.	0.99%	1.11%	0.13%
8. To increase the percentage of adults in volunteer work.	1.61%	1.78%	0.17%

This report appears to support data that indicates 6 months of MHR reduces the length of psychiatric hospitalization and the number of psychiatric hospitalizations. Hospitalizations for children under 21 were reduced by 20.85%, and the length of stay was reduced by 2.08 days. Adults that received 6 months of MHR services services had 21.9% fewer psychiatric hospitalizations, and the length of stay was reduced by 4.84 days.

Additional information provided by the DHH indicates that the MHR program has reduced recidivism by 16.7% (the PI target was 10.2% while actual performance was 8.5%). For FY 02, there were 567 recipients who had 2 or more psychiatric hospitalizations. Of the 567 individuals that were hospitalized, 121 (21.3%) were recipients that had received MHR services prior to the second hospitalization. The remaining 446 (78.7%) recipients received no MHR services prior to the second hospitalization.

Budget Impact:
For FY 02, DHH reports a total cost avoidance of $764,351 as a result of the HARP program, as follows:

Indicator	Adults	Children
Percentage of hospitalizations reduced as a result of MHR	418	828
Number of hospitalizations avoided	20.9	20.85
Number of hospitalizations avoided	110	218
Average number of days of hospitalization without MHR	9.6	4.63
Total number of hospital days avoided	1,060	1,091
Average per diem of inpatient hospital stay	$344.82	$395.84
Total cost avoidance from MHR	$365,603	$398,748.
Total of both programs	**$764,351**	

Expenditures and recipients served by MHR:

	FY 01	FY 02	FY 03
Children	2,280	2,826	3,391
Adults	1,524	1,848	2,217
Total recipients	3,804	4,674	5,608
Expenditures	$24,500,000	$31,000,000	$33,439,740
Average per recipient	$6,441	$6,632	$5,963

From FY 01 to FY 03 (projected), expenditures for MHR Services increased by 36.5%; recipients of these services increased by 47.4%; and the average cost per recipient decreased by 7.4%. Additional information provided by DHH indicates that the growth in this program is primarily related to an increase in utilization from increased enrollment. The program served an additional 870 individuals in FY 02 (4,674-3,804) compared to FY 01. For FY 03, the Department estimates that an additional 934 individuals will receive MHR services. There was also a 14% increase in the number of MHR providers from FY 01 to FY 02.

LFO Comment:

Based on discussions with DHH, the performance indicators for the MHR program should be reevaluated for FY 04. There appears to be a problem with the reporting methodology. The Department indicates that the target of 400 represents the number of anticipated referrals, while the actual number of 283 represents referrals that receive MHR services. A more realistic approach would probably be to change the indicator to reflect the percentage of referrals that actually receive MHR services.

Another consideration is the growth in this program. Expenditures for MHR services have increased by 36.5% ($24.5 million to $33.4 million) since FY 01. Additionally, the number of recipients of MHR service has increased by 47.4%. Sustained growth of this magnitude is certainly cause for concern, particularly in light of the state's current fiscal posture.

At the same time the MHR services program has grown, expenditures for the state operated inpatient mental health facilities have also increased by 13.9% ($200 million in FY 01 to $228 million in FY 03); the number of employees has increased 9.4% (3,197 in FY 01 to 3,499 in FY 03); and the number of inpatients has decreased by12.1% (2,039 in FY 01 to FY 1,792 in 03).

If the cost of outpatient and inpatient services are both increasing, is the MHR program really a cost-effective option? Is this another symptom of a "broken" health care delivery system?

Dept **Social Services** **SCH. # 10-355**

Agency **Office of Family Support** **Analyst: Mark Antoon**

Issue: **Support investigations and prosecutions**

Indicator: Number of cases referred for prosecution

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	107
Q1	0	37	10	(73.0%)	CURRENT YEAR TARGET	150
Q2	0	75	15	(80.0%)	PERFORMANCE STANDARD	150
Q3	0	112	25	(77.7%)	YTD ACTUAL	38
Q4	107	150	38	(74.7%)	VARIANCE FROM STANDARD	-74.7%

Indicator: Number of prosecutions completed

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	104
Q1					CURRENT YEAR TARGET	150
Q2	0	75	76	1.3%	PERFORMANCE STANDARD	150
Q3					YTD ACTUAL	97
Q4	104	150	97	(35.3%)	VARIANCE FROM STANDARD	-35.3%

Analysis of Indicators:

These indicators support the agency’s objective to provide comprehensive administrative support through executive decisions, budgeting, planning, training, monitoring, human resources, provision of public information, and recovery of improperly received agency benefits.

Indicators

The number of cases referred for prosecution dropped dramatically from FY 01 to FY 02, declining from 107 cases referred in FY 01 to 38 cases referred in FY 02. This represents a 35.5% decrease. The variance from the performance standard is a 74.7% decrease. OFS attributes the lack of referrals for prosecution to internal agency personnel problems. Staff turnover and medical problems with a staff member prevented the agency from referring more cases to the court system for prosecution.

The number of prosecutions completed also declined significantly, droping 35.3 percent for FY 02. OFS blames a lack of prosecution by the Orleans District Court for the decline in the number of prosecutions completed. The agency could not explain the delay in the cuort processing the cases.

Budget Impact:

Determing the budgetary impact is difficult because each case involved a different amount of money and because the total number of fradulent cases are unknown at a given time.

LFO Comment:

The agency needs to develop a better plan to find fraud and to allocate more resources from other areas in the agency or department to help process and prosecute fraud cases.

Agriculture and Forestry **Ag. & Env. Sciences** **SCH. # 04-160**
Analyst: Kristy Freeman

Issue: To reduce the percentage of cotton acreage infested with boll weevils; to prevent the introduction and spread of crop pests; and to conduct effective boll weevil eradication programs.

Indicator: Percentage of cotton acreage infested

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	73%
Q1	73%	30%	30%	0.0%	CURRENT YR TGT	25%
Q2	73%	30%	30%	0.0%	PERF STANDARD	25%
Q3	73%	30%	30%	0.0%	YTD ACTUAL	25%
Q4	73%	25%	25%	0.0%	VAR. FROM STD.	0.0%

Indicator: Number of acres infested

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	195,354
Q1					CURRENT YR TGT	235,000
Q2	0	235,000	258,800	10.1%	PERF STANDARD	235,000
Q3					YTD ACTUAL	258,800
Q4	195,354	235,000	258,800	10.1%	VAR. FROM STD.	10.1%

Indicator: Number of acres in cotton production

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	896,640
Q1					CURRENT YR TGT	940,000
Q2	701,000	862,765	862,765	0.0%	PERF STANDARD	940,000
Q3					YTD ACTUAL	900,000
Q4	896,640	940,000	900,000	(4.3%)	VAR. FROM STD.	(4.3%)

Analysis of Indicators:
In FY 2001-02 the Department reported their performance indicators based on a cotton crop year and not a fiscal year. A cotton crop year ranges from March to October 2001; however, budget and analysis information provided to the Legislative Fiscal Office is based on fiscal year 2002.

According to the Department of Agriculture & Forestry, there were approximately 434,800 acres of cotton in the Northeast Region and 94,600 acres in the Red River Region during this fiscal year. Of the reported statewide total of 529,400 cotton acres in production, the Department sprayed 70,350 infested acres. Approximately six total insecticide applications were made this year, resulting in a total of 39,760 acres sprayed in the Red River Zone and 382,344 acres sprayed in the Northeast Region (422,104 total acres sprayed, which includes areas that were re-sprayed). The statewide total of acreage infested includes acres that were harvested. As cotton is harvested, spraying is stopped, and the cotton crop is destroyed. As a result of an early cotton crop harvest, fewer acres are sprayed.

Budget Impact:
The Department states they spent $12,888,380 million to treat the infested areas in FY 01-02. Of the $12.9 million disbursed on boll weevil eradication efforts, approximately $12,306,698 (95.5%) was collected from farmers paying the assessments charged by the Department.

The Department estimates that in FY 02-03 less insecticide applications will be made covering a total of 27,500 acres at an estimated cost of $9 million. The difference in cost for the above fiscal years is due to the types of treatment that will be applied, whether it is aerial and/or ground applications administered. Boll weevil traps will be planted in order to monitor, and in some areas control, boll weevil populations. To date, approximately $91,865,330 million has been spent to treat and re-treat all infested acres of cotton.

LFO Comment:
The Department reports that the Boll Weevil Eradication Program is on schedule and insecticide applications administered to date has been successful. As long as assistance is received and estimated assessments continue from farmers, the Department will continue their efforts against the boll weevil.

Dept **Social Services** **SCH. # 10-355**

Agency **Office of Family Support** **Analyst: Mark Antoon**

Issue: **Average number of monthly cases in FITAP**

Indicator: Average number of monthly cases in FITAP

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	26,596
Q1	0	30,000	25,298	(15.7%)	CURRENT YEAR TARGET	28,676
Q2	0	30,000	25,646	(14.5%)	PERFORMANCE STANDARD	30,000
Q3	0	28,676	25,378	(11.5%)	YTD ACTUAL	24,964
Q4	26,596	28,676	24,964	(12.9%)	VARIANCE FROM STANDARD	-16.8%

Analysis of Indicators:

The Family Independence Temporary Assistance Program (FITAP) is the department's basic cash grant to families which require assistance when family resources are insufficient to meet subsistence needs. The overall goal of FITAP is to decrease the long term dependency on welfare assistance by promoting job preparation and work. Public assistance is no longer a lifetime benefit - it is now capped with a 60 month lifetime benefit.

A decrease in these numbers could be considered positive because a decrease in the number of FITAP recipients means a reduction in the welfare rolls. However, a drop in the number of welfare recipients does not necessarily mean a reduction in poverty. Under welfare reform, people leave the rolls for a number of different reasons. The forces responsible for the welfare roll reduction is unclear because many factors play a role in this reduction. Time limits force some people off of welfare, some recipients get jobs, others drop off for unknown reasons. Some people lose jobs but do not reapply for welfare because they consider their unemployment to be temporary and want to preserve their remaining benefits for a more dire time in the future.

Also, over the next few years, programs associated with the Temporary Assistance for Needy Families (TANF Grant) program could further reduce the welfare rolls. The state is spending approximately $125 million annually in TANF funds on poverty reduction programs. Those programs have not been in existence long enough to generate enough data to determine their effectiveness.

Budget Impact:

A reduction in the welfare rolls is directly related to the state budget. FITAP is granted on a sliding scale, based on the number of family members as indicated in the following table:

FITAP Flat Grant Amounts

Number of persons	1	2	3	4	5	6	7	8	9	10
FITAP Flat Grants (in dollars, per month)	122	188	240	284	327	366	402	441	477	512

Therefore when the welfare rolls decrease, the state saves money in both State General Fund and in federal funds. The average family consists of a mother and two children. The average grant is $199 per month.

During state fiscal year 01-02, an average of 22,780 grants were paid each month, with some months being considerably higher, and benefits totaling $56,755,699 were paid during the year for a monthly average of $4,562,975.

Although the rolls have decreased substantially over the last four years, a severe economic downturn could force these numbers upward in the future once the roll has stabilized. Louisiana's economy has softened somewhat over the past year, with the state losing approximately 5,000 jobs. This job loss does not appear severe enough to force the rolls to go up. Other factors, such as clients reaching the end of their time limits and people leaving the state, combine to drive the welfare totals down. So the pressures which are driving the welfare roll down appear to be stronger than a weak economy which would suggest the rolls go up. Louisiana generally seems to lag behind the national economy about 12 months, so the current economic downturn affecting the nation could hit the state sometime in the current year. It is too early to determine if these economic forces will end the trend of the declining welfare role.

LFO Comment:

While a reduction in the number of welfare receipients is a positive occurence, that reduction does not mean people are getting out of poverty. If the welfare rolls continue to drop as they have over the past four years, more emphasis needs to be placed on helping former welfare receipients get out of poverty and stay off welfare.

Dept **Social Services** **SCH. # 10-355**

Agency **Office of Family Support** **Analyst: Mark Antoon**

Issue: **Paternities and collections**

Indicator: Total number of paternities established

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	9,439
Q1	0	2,825	2,539	(10.1%)	CURRENT YEAR TARGET	11,300
Q2	0	5,650	4,692	(17.0%)	PERFORMANCE STANDARD	11,300
Q3	0	8,475	6,611	(22.0%)	YTD ACTUAL	8,734
Q4	9,439	11,300	8,734	(22.7%)	VARIANCE FROM STANDARD	-22.7%

Indicator: Percent increase in collections over prior year collections

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	8.7
Q1	0	8	7.4	(7.5%)	CURRENT YEAR TARGET	10
Q2	0	9	8.9	(1.1%)	PERFORMANCE STANDARD	12.8
Q3	0	10	8.5	(15.0%)	YTD ACTUAL	9.2
Q4	8.7	10	9.2	(8.0%)	VARIANCE FROM STANDARD	-28.1%

Analysis of Indicators:

Both indicators reflect the vigor in which DSS attempts to locate potential parents, determine paternity and collect child support due the children. These indicators quantify a portion of Objective 5 - to maintain overall collections at a 12.8% level over actual prior year collections and continue to provide child support enforcement services to Family Independence Temporary Assistance Program (FITAP) and non-FITAP applicants.

The percent increase in collections over prior year collections had a variance of -28.1%. The agency attributes this variance to the decline in FITAP cases - as the number of FITAP cases decrease, the percentage of collections tends to decrease. As fewer FITAP cases are processed and grants awarded, fewer opportunities to collect occur.

The number of paternities established is decreasing for many of the same reasons as the number of collections are decreasing, according to the agency. In FY 02, this indicator has a negative 22.7% variance., which in absolute terms equates to 8,734 actual paternities established while the performance standard was set at 11,300. This is also a decline from the prior year - in FY 01, the agency established 9,439 paternities.

Some of the Temporary Assistance for Needy Families (TANF) grant is being used to fund fatherhood programs. While it is too early to determine how successful these programs are, it is hoped that the programs encourage fathers to take responsibility for their children and to reduce their children's dependence on welfare.

The two indicators are related because paternities have to be established before collection attempts can be made.

Budget Impact:

The impact on the budget is difficult to quantify. As the number of FITAP cases decrease and the percentage of collections decrease, the state budget is affected in two ways - the decrease in the number of FITAP grants means less cost to the state while the decrease in the percentage of collections means the state is paying for children of deadbeat parents.

LFO Comment:

The department should focus more effort on establishing paternity and in collecting child support.

Dept **Social Services** **SCH. # 10-355**

Agency **Office of Family Support** **Analyst: Mark Antoon**

Issue: **Child Care Assistance payments**

Indicator: Child Care Assistance - total annual payments in millions

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	105.3
Q1	0.0	38.6	23.1	(0.4)	CURRENT YEAR TARGET	154.4
Q2	0.0	77.2	45.2	(0.4)	PERFORMANCE STANDARD	154.4
Q3	0.0	115.8	66.0	(0.4)	YTD ACTUAL	102.8
Q4	105.3	154.4	102.8	(0.3)	VARIANCE FROM STANDARD	(0.3)

Indicator: Average monthly cost per child

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	186.0
Q1	0.0	200.0	211.0	0.1	CURRENT YEAR TARGET	200.0
Q2	0.0	200.0	184.0	(0.1)	PERFORMANCE STANDARD	200.0
Q3	0.0	200.0	191.0	(0.0)	YTD ACTUAL	236.0
Q4	186.0	200.0	236.0	0.2	VARIANCE FROM STANDARD	0.2

Analysis of Indicators:

Child Care Assistance: Total annual payments in millions has a variance of negative 33.4 percent for FY 02, having spent $102.8 million when the performance standard was $154.4 million.

Average monthly cost per child has an 18 percent variance in FY 02. The actual monthly cost per child was $236 when the target was $200. This is a $50 per month increase compared with FY 01, in which monthly child care cost were $186 per month. This increase is a result of a rule change promulgated in FY 02 which changed the fee scale.

Changes in rules implemented in FY 02 made the program more accessible to more clients and the department is projecting 545,960 children will be served in the current year at a cost of $12 million per month.

Budget Impact:

Funds available for child care were not spent in FY 02. These are federal funds and the program is budgeted at $123 million for FY 02. The department is projected to spend approximately $144 million, which combines prior year surpluses with the current allocation.

LFO Comment:

The department needs to stabilize the program to maximize benefits to clients.

Department: Corrections **SCH. # 08-400**

Agency: Corrections Administration Adult Services **Analyst: Kristy Freeman**

Issue: Act 403 (Senate Bill 239) of the 2001 Regular Session repealed certain mandatory minimum sentences for nonviolent crimes and created a Risk Review Panel which would evaluate and recommend the release of certain nonviolent inmates. It was estimated that approximately 400 inmates would be released in 2001-02 which would result in a cost savings of $3 million. As of June 30, 2002, 49 inmates have been released.

Indicator: Percentage of Risk Review Panel cases granted parole

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	N/A
Q1					CURRENT YR TGT	20
Q2	N/A	80	0	(100.0%)	PERF STANDARD	80
Q3					YTD ACTUAL	30
Q4	N/A	20	30	50.0%	VAR. FROM STD.	(62.5%)

Indicator: Percentage of Risk Review Panel cases granted pardon

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	N/A
Q1					CURRENT YR TGT	20
Q2	N/A	80	0	(100.0%)	PERF STANDARD	80
Q3					YTD ACTUAL	30.5
Q4	N/A	20	30.5	52.5%	VAR. FROM STD.	(61.9%)

Analysis of Indicators:

The above performance indicator targets for the Department of Corrections were adjusted after mid-year and now have been met and exceeded. The Department of Corrections Risk Review Panel has received 12,767 applications from inmates requesting a review. Targets were adjusted after mid-year and now have been met and exceeded. The Panel has held hearings from October 2001 to June 2002 and has acted upon 588 cases with the following recommendations:

Referred to Pardon Board	137
Referred to Parole Board	11
Referred to Impact Program	13
Referred to Work Release	46
No Action	51
Denied	330
TOTAL	**588**

Budget Impact:

During the 2001 Regular Session, the Department of Corrections Sheriffs' Housing of State Inmates budget was reduced by $3.2 million to account for the estimated cost savings associated with the release of non-violent offenders who were recommended by the Risk Review Panel. Currently, 49 inmates have been released resulting in minimal cost savings. The Department of Corrections predicted an approximate $8 million budget deficit in the Sheriffs' Housing of State Inmates 2001-02 budget, partly attributable to no inmates being released through this program and in the 2002 Regular Session they received a $7.2 million supplemental appropriation for FY 01-02.

LFO Comment:

Projections for potential cost savings associated with the Risk Review Program, as well as other initiatives to release non-violent offenders, need to be reevaluated so that the Department of Corrections' budget can be properly adjusted to provide for the incarceration of state inmates in its custody. This could cause another budget shortfall for the Department for FY 02-03.

The FY 01-02 performance indicators mentioned above were placed in the Department of Corrections - Administration/Adult Services Program, when actually they are a function of the Pardon and Parole Boards. When this issue was discussed at the last Performance Review Subcommittee meeting, Pardon Board Chairman Irvin Magri stated he did not want to make future projections on the number or percentage of cases granted pardon or parole. The Department, along with the Boards, agreed to determine and identify other indicators to monitor the Risk Review Panel. For FY 02-03, the only indicators relative to the Risk Review Panel are number of case hearings and number of applications received. The Legislative Fiscal Office expects to find additional indicators in the Department's Operational Plan for FY 03-04.

Department: Public Safety **SCH. # 08-419**

Agency: Office of State Police **Analyst: Mark Antoon**

Issue: The reduction of commercial-related highway fatalities.

Indicator: Number of fatal commercial-related crashes

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	103
Q1		37	30	0	CURRENT YR TGT	148
Q2		74	55	0	PERF STANDARD	148
Q3		111	68	(0)	YTD ACTUAL	95
Q4	103	148	95	(0)	VARIANCE FROM S	(0.36)

Indicator: Number of Motor Carrier Safety violations cited

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	96,843
Q1					CURRENT YR TGT	
Q2					PERF STANDARD	
Q3					YTD ACTUAL	97,733
Q4	96,843		97,733			

Indicator: Number of Motor Carrier Safety inspections conducted

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	31,992
Q1		0	0	0	CURRENT YR TGT	41,160
Q2	0	20,580	24,418	0	PERF STANDARD	41,160
Q3		0	0	0	YTD ACTUAL	56,210
Q4	0	41,160	56,210	0	VARIANCE FROM S	0.37

Analysis of Indicators:

Reducing the number of fatalities on the states roads is an important function of the Office of State Police. One of the objectives of the Traffic Enforcement Program is through the Transportation and Environmental Safety Section, Motor Carrier Safety Program, to hold the number of fatal commercial-related crashes to a level no greater than 150.

Part of OSP's efforts to reduce fatalities is commercial motor carrier inspections and regulations. Commercial vehicle traffic on Louisiana roads has doubled since 1988.

The Indicators

OSP tracks its efforts to reduce fatalities through a series of indicators, the most relevant being the three listed above - Number of fatal commercial-related accidents, number of Motor Carrier Safety Inspections conducted and the number of Motor Carrier Safety violations cited.

The number of fatal commercial-related fatalities decreased from 103 in FY 01 to 95 in FY 02, for a 7.7 percent reduction. This is the main indicator - the other two indicators provide data which helps explain why this number increases or decreases.

The number of citations issued increased by more than nine percent from FY 01 to FY 02 - rising from 96,843 to 97,733 over that period of time. This indicator is a measure of how vigorously OSP enforces relevant laws.

The number of Motor Carrier Safety inspections conducted rose from 31,992 in FY 01 to 56,210 in FY 02, for an increase of 75.7 percent. This indicator is a measure of how aggressively OSP carries out its inspection responsibility.

Indicator Problems

These indictors do not fully explain commercial-related fatalities. According to the statistics compiled by the Highway Safety Commission, 70 percent of all commercial-related fatalities involve noncommercial vehicles who contribute fault to the accident.

Also, because of reporting differences among different law enforcement agencies, the death toll on Louisiana's highways could rise slightly as more local police department complete paperwork to submit to federal agencies which track these statistics nationally.

Budget Impact:

Quantifying this indicator's budgetary impact is difficult. However, the Federal Motor Carrier Safety Administration Program (MCSAP) the federal agency responsible for administering the Motor Carrier Safety grant reduced the amount of the grant which may be used for overtime.

Last year, MCSAP restricted overtime to 15 percent of the grant - which results in losing approximately $260,000 of overtime payments which equates to 6,994 hours of work at a salary of $36 per hour (overtime pay). Previously, there was no restruction on how much MCSAP grant monies could be spent on overtime.This reduction leaves approximately $484,000 in federal funds available for overtime. This means fewer troopers will be on the roads inspecting vehicles, fewer citations will be issued and more fatalities could occur. This indicator will have to be adjusted to reflect the reduced overtime participation.

Although sufficient data does not yet exist, in the future enough data may exist to establish a strong correlation between the number of dollars spent on enforcement and the number of commercial-related fatalities. Ultimately, such data could be used to justify additional funding or reduced funding as appropriate.

LFO Comment:

Although sufficient data does not exist to prove that this group of indicators shows a correlation between enforcement and reduced fatalities, OSP has determined through studies and data from other states that strong enforcement does contribute to safer highways. Over time, enough data may be collected to establish a positive correlation or trend. However, vigorous enforcement in other states points towards decreased fatalities. In most cases, the amount of funding determines, at least partly, how much the laws can be enforced.

By training 100 patrol troopers and through an extensive public awarness campaign, the OSP has met the ir objective of holding commercial vehicle-related fatalities below 150 and has actually achieved a decrease in the number of fatalities from year to year.

Therefore, the state should consider funding more enforcement overtime to make up for the lost federal funds.

Department Public Safety **SCH. #08-424**

Agency: **Liquified Petroleum Gas Commission** **Analyst:** **Mark Antoon**

Issue: Reduction in the number of fires involving liquified petroleum gas and anhydrous ammonia

Indicator: Number of fires and accidents related to liquified petroleum gas and anhydrous ammonia

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YR	26
Q1		7	7	0.00	CURRENT YR TGT	26
Q2		14	13	0.00	PERF STANDARD	26
Q3		21	17	(0.19)	YTD ACTUAL	17
Q4		26	17	(0.35)	VARIANCE FROM STANDARD	(0.35)

Indicator: Number of trucks tagged and inspected

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YR	1,201
Q1					CURRENT YR TGT	1,125
Q2		5	118	22.60	PERF STANDARD	1,125
Q3					YTD ACTUAL	1,206
Q4	1,201	1,125	1,206	0.07	VARIANCE FROM STANDARD	0.07

Indicator: Number of tanks condemned

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YR	3
Q1		0	0	0.00	CURRENT YR TGT	19
Q2		10	6	(0.40)	PERF STANDARD	19
Q3		0	0	0.00	YTD ACTUAL	18
Q4		19	18	(0.05)	VARIANCE FROM STANDARD	(0.05)

Indicator: Number of man-hours of training provided

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
Q1					PRIOR YR	3,453
Q2		1,500	2,243	0.50	CURRENT YR TGT	3,500
Q3					PERF STANDARD	3,500
Q4	3,453	3,500	3,789	0.08	YTD ACTUAL	3,789
					VARIANCE FROM STANDARD	0.08

Analysis of Indicators:

The Liquified Petroleum Gas Commission's main objective is to reduce the number of fires an accidents related to liquified petroleum gas and anhydrous ammonia by five percent from the FY 00 standard of 30 (fires or accidents).

Indicators

The main indicator is the number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia. Anhydrous ammonia is used primarily in agriculture as fertilizer to increase the nitrogen content in soil. It is a dangerous chemical which is both flammable and an inhalation hazard. Liquefied petroleum gas has many applications, both commercial and private, though it is mainly used as an energy source for heating and cooking. The agency reported a 34.6% reduction in the number of fires from the actual of 17 fires to the target of 26 fires in FY 02. This indicator is a measure of how well the agency is meeting its main objective. The other indicators provide data that helps explain the reduction in the number of fires.

Number of trucks tagged and inspected the number of trucks that state inspectors examine. This indicator measures two things - the number of trucks which haul either anhydrous ammonia or liquefied petroleum gas on Louisiana's highways and it measures how active state inspectors are carrying out their jobs. In FY 02, the commission inspected 1,206 trucks which is 7.2 percent above the revised target of 1,125.

The number of tanks condemned is a measure of how many poor storage tanks exist and are taken out of service. In FY 02, the commission condemned 18 tanks which is 5.3 % less than the target of 19. This is a positive outcome because fewer tanks needed to be condemned.

Fewer faulty tanks ultimately means fewer fires or accidents.

The number of man-hours of training provided is a measure of how much training the commission conducts. In FY 02, the commission provided 3,789 man hours of training which is 8.3% over the target of 3,500 hours. Training is conducted statewide and consists of a five to eight hour seminar which teaches safety. Although these training sessions are not mandatory, Charles Fuller, Liquefied Petroleum Gas executive director says the training is a major reason for the reduction in the number of fires and accidents.

The number of routine inspections and inspection activities performed is a measure of how active the commission inspects facilities. It is largely a measure of the number of personnel. The commission has seven inspectors which cover the entire state. In FY 02, the commission performed 22,874 inspections which is a 14.8% decrease compared with FY 01 when the commission conducted 26,264 inspections and a negative 4.7% variance compared with the target of 24,000. The agency attributes the decrease to retirement and illness of inspection personnel.

Budget Impact:

The number of permit sales, routine inspections and inspection activities contributes to the agency's operating budget. Companies are charged 25/100 of 1% of gross sales for permits. This percentage will change to 13/100 of 1% of gross sales in the current year to avoid excess collections. The commission charges a $50 fee for inspections and levies fines ranging from $100 to $1,000 for offenses, depending on the severity of the violations. These are civil penalties. Last year, the agency collected $864,732 in fines and fees. The agency is entirely self-funded.

LFO Comment:

Through the commission's integrated approach of enforcement and training, a subtantial reduction in the number of fires has been achieved. The agency conducted these operations with seven statewide instructors, with the executive director conducting most of the training. The agency's efforts in achieving this objective has increased safert statewide with regards to liquified petroleum gas and anhydrous ammonia.

DHH **Office of Mental Health (OMH)** **SCH. # 09-330**

Analyst: Shanda R. Jones

Issue: **Noted improvement shown in the Department's effort to meet performance indicators**

Indicator: **Percentage of adult and child/adolescent client services' performance indicators met statewide (Area A, B, C)**

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST
Q1				
Q2	80	80	42	(47.5%)
Q3				
Q4	80	80	68	(15.0%)

ANNUAL	
PRIOR YR	80
CURRENT YR TGT	80
PERF STANDARD	80
YTD ACTUAL	68

Analysis of Indicators:

The Office of Mental Health (OMH) was able to meet 68% of the adult, child and adolescent client services' performance indicators. This indicator is a cumulative indicator for all three Mental Health Service Areas. Below is how each individual area did:

Agency	Number of Indicators	Number out of Variance	Percentage out of Variance
09-331 - Area C	35	14	40%
09-332 - Area B	49	20	40.8%
09-333 - Area A	54	30	55.6%

After the midyear Performance Review subcommittee meeting, OMH reviewed all indicators and revised targets either upward or downward based on the level of performance experienced at that time. As a result, the year-end targets of 77 performance indicators were revised for all three mental health areas. Of the 77 revised, 39 indicators still had a significant variance. The agency indicated that the performance indicators were unmet due to:

1) Staff shortage - The staff shortage was due to noncompetitive pay, employee turnover and the loss of experienced personnel, which was caused in part by the Early Retirement and Payroll Reduction Act 844 of 2001. OMH did not have the flexibility to add positions or shift existing personnel to meet the current workflow.

2) Acuity levels - Many of the patients that are in the OMH system are those with high acuity levels and require lengthy treatments. The patients with the most severe illnesses are in the state hospitals and are not appropriate for a group home and/or a community setting.

3) Variability of the output indicators - Many of OMH's indicators are output-oriented and a minor change could result in a large variance. For example, the discharge of one patient with an extremely long length of hospital stay could cause the average length of stay indicator to be out of variance, especially if the patient was discharged with others who had shorter lengths of stay. The volatility of this type of indicator makes it nearly impossible for OMH to predict the average length of stay with accuracy.

Budget Impact:
During the 2002 Regular Legislative Session, DHH presented a plan to shift emphasis and resources away from institutional services in order to provide more home and community-based services. As a result, for FY 02-03 funds were appropriated to the mental health areas for crisis intervention services ($4,139,460 SGF), newer mental health medications ($2,228,598 SGF), and assertive community treatment teams ($1,575,000 SGF). It is anticipated that, over time, these initiatives will reduce inpatient hospital utilization and more resources could be made available to support home and community-based care.

Additionally, due in part to staff shortage, OMH has limited the census for child and adolescent inpatient beds in two mental health areas. OMH has tried to resolve the issue of staff shortage by increasing the psychiatric aide pay, initiating a proposal to increase social worker pay, and implementing a premium pay plan for nursing staff to address recruitment and retention problems. However, the agency is anticipating that, with the success of the above-mentioned funded initiatives, fewer staffed beds would be needed, thereby making OMH less vulnerable to the staff shortage issue.

Also, in light of DHH's change of focus to home and community-based services, OMH plans to make a complete overhaul of all performance indicators for FY 03-04. OMH will report many of the output indicators that they have little direct control over, e.g., number of clients served, average length of stay, etc., as general performance information. The agency will set standards and track information for indicators that are related to customer satisfaction, average number of days between discharge from an inpatient program and aftercare CMHC visit, and percentage of hospital readmissions within 30 days of discharge.

LFO Comment:
During the midyear Performance Review subcommittee meeting, the LFO recommended that OMH review performance standards and make necessary revisions to those targets that were out of variance. In response to the LFO's request, OMH revised several targets and made noted improvement in many areas. Time will tell if the new initiatives presented by DHH, once fully implemented, will enable OMH to experience the results they anticipate.

Health and Hospitals	MV Administration	09-305 Analyst: Brian Crow

Issue: Failure to achieve savings projected in the Pharmacy Program

Indicator: Number of classes of therapeutic drugs established

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	N/A
Q1					CURRENT YEAR TARGET	85
Q2	N/A	0	0	0.0%	PERFORMANCE STANDARD	85
Q3					YTD Actual	0
Q4	N/A	85	0	(100.0%)	VARIANCE FROM STANDARD	(100.0%)

Analysis of Indicators:

The objective of DHH was to create a drug formulary by establishing four classes of therapeutic drugs during SFY 2001-2002.

Act 395 (SB 502) of the Regular Session of 2001, authorized the Department of Health and Hospitals (DHH) to implement a drug formulary that utilizes a prior approval process or any other process or combination of processes that prove to be cost-effective in the Medicaid program. The act also created the Medicaid Pharmaceutical and Therapeutics Committee (MPTC).

Information provided by DHH indicates that planning and development of the drug formulary began in the first quarter of FY 02. During this period, an action plan was developed, and the MPTC created. Committee meetings were held in August and September of 2001 to focus on the development and implementation of the prior authorization process (PA) for four therapeutic drug classics--non-sedating antihistamines, proton pump inhibitors, H2 antagonists, and selective serotonin reuptake inhibitors.

In the second quarter of FY 02, DHH contracted with Unisys Corp. and the University of Louisiana-Monroe to assist in the development of the pharmacopoeia and the PA process. The MPTC held meetings to establish models, clarify legal and ethical issues, and discuss the process and procedures for reviewing the clinical aspects of the drug selection process.

In the third quarter of FY 02, DHH reevaluated the progress (or lack thereof) of the MPTC and entered into a contract with a company (Provider Synergies) to assist in the implementation of the Medicaid Pharmacy Preferred Drug List (PDL) and Supplemental Rebate Program. It was apparent, based on observations of the committee meetings held in

August and September 2001, that the Department and the MPTC needed assistance from another party (Provider Synergies) with expertise in the development of an acceptable PDL and supplemental rebate.

In the fourth quarter of FY 02, DHH received approval from the House and Senate Committees on Health and Welfare to implement the pharmacy prior authorization process (PA) with a PDL. The implementation became effective on June 10, 2002. With the implementation of the PA process, drugs were considered either "preferred" or "non-preferred"--non-preferred drugs require PA as a condition for payment by the Medicaid program.

The year-end summary provided by DHH indicates that the original objective for FY 02 was not achieved and no performance indicator values were reported. The Department changed directions (see 3rd quarter comments) in the implementation of Act 395 and began to implement the PDL with prior authorizations and a supplemental state drug rebate program with the drug manufacturers. For FY 03, DHH expects to meet performance requirements in this program.

Budget Impact

The fiscal note on SB502 (Act 395), based on information provided by DHH, estimated that the PDL and PA process would enable the pharmacy program to avoid costs of approximately $25 million ($6.9 million SGF) in FY 02. Information provided by DHH indicates that savings throughout the Medicaid program in Payments to Private Providers were utilized to cover the shortage ($6.9 million) in the Pharmacy Program.

The anticipated cost avoidance relative to the provisions Act 395 are as follows:

Expenditures	FY 03	FY 04	FY 05	FY 06	4 YEAR TOTAL
SGF	($17,176,740)	($19,734,039)	($22,640,071)	($25,940,071)	($85,490,921)
SGR	$0	$0	$0	$0	$0
SD	$0	$0	$0	$0	$0
FED	($44,885,026)	($50,988,867)	($58,056,319)	($66,071,397)	($220,001,609)
TOTAL	($62,061,766)	($70,722,906)	($80,696,390)	($92,011,468)	($305,492,530)

LFO Comment:

The failure of DHH to achieve the projected cost avoidance in FY 02 can be attributed to the high degree of difficulty in the development and implementation of a program of this magnitude, the resistance of the group (pharmacy manufacturers) impacted by the program, and the Federal Court decision in Florida that decided "a PDL is not a formulary and states may seek supplemental rebates". These 3 factors contributed to the Department's decision to change directions in the third quarter of FY 02 and contract with Provider Synergies to expedite the development of the PDL with PA and a supplemental state drug-rebate program with the drug manufacturers.

The projected state cost avoidance in subsequent four fiscal years ($85,490,921 SGF) relative to the pharmacy program will depend on the ability of DHH to judiciously maintain and monitor program performance. It is fairly certain that the Medicaid budget will be constructed with the cost avoidance indicated in the table above. DHH has expressed reasonable confidence to continue to develop and expand the PDL, and control anticipated cost increases in the Pharmacy Program.

This indicator was revised in August of FY 02 and moved to the Medical Vendor Payments Program (09-306). The objective for FY 03 was modified to reflect the actual program activity as authorized in Act 13. The PI anticipates that the PDL/PA and supplemental drug rebates will avoid costs of approximately $61 million for FY 03 in the Pharmacy Program. Additionally, DHH expects to establish 50 classes of therapeutic drugs for the PDL.

Department: Social Services **SCH. # 10-370**

Agency: Office of Community Support **Analyst: Mark Antoon**

Issue: Protection of children in the Child Welfare system

Indicator: Percentage of interventions completed within 60 days

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	12.1
Q1		48	47.3	(1.5%)	CURRENT YR TGT	15
Q2		48	49.56	3.2%	PERF STANDARD	26
Q3		49	49.09	0.2%	YTD ACTUAL	16.34
Q4	46	50	49.53	(0.9%)	VARIANCE FROM S	-37.2%

Indicator: Percentage of children adopted in less than 24 months

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	12.1
Q1		15	11.06	(26.3%)	CURRENT YR TGT	15
Q2		15	15.2	1.3%	PERF STANDARD	26
Q3		15	20.56	37.1%	YTD ACTUAL	16.34
Q4	12.1	15	16.34	8.9%	VARIANCE FROM S	-37.2%

Indicator: Percentage of the foster care population on June 30 who have had 0 original placements

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	16.87
Q1		17	17.2	0.0%	CURRENT YR TGT	17
Q2	0	17	17.06	0.4%	PERF STANDARD	21
Q3		17	17.1	0.0%	YTD ACTUAL	16.08
Q4	16.87	17	16.08	(5.4%)	VARIANCE FROM S	-23.4%

Analysis of Indicators:

Percentage of interventions completed within 60 days has a variance of negative 10 percent for FY 02. The agency attributes this variance to a loss of personnel which occured in budget cuts last year. Reductions in staff, turnover and delays in obtaining information from community resources contribute to the problems in meeting the performance standards. When the department cannot intervene within a timely fashion, a case backlog builds up and services are delayed.

Percentage of children adopted in less than 24 months has a variance of negative 37.2 percent for FY 02. There is a financial disincentive for foster parents to adopt children because the state only pays 80 percent of the foster care subsidy. This reduces the number of people willing to become foster parents.

The percentage of the foster care population on June 30 who have had 0 original placements has a variance of negative 23.4 percent for FY 02. The agency attributes this to the difficulty in placing older children and an increased number of children with intensive mental health and behavioral problems. The department also has difficulty meeting the performance standard because an increasing number of children who enter foster care through the juvenile judicial system. All of these children represent an increased placement challenge.

Budget Impact:
Currently, this indicator has no direct effect on the budget. If the state decided to fund 100 percent of the child adoption subsidy, then the state costs would increase 20% per adoption. In the long run, however, providing children with a more stable environment could prevent social problems like delinquency, drug use and other destructive behaviors which lead to imprisonment which ends up costing the state more money.

LFO Comment:

The state should consider funding 100 percent of the adoption subsidy.

DNR **Office of Conservation** **SCH. #11-432**

Analyst: Stephanie Blanchard

Issue: **The variances of the indicators reflect the Office of Conservation's emphasis on public safety in both field and administrative operations.**

Indicator: **Number of injection/disposal wells verified to be noncompliant with any program regulation during current year**

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	899
Q1					CURR. YR TARGET	730
Q2	243	615	646	5.0%	PERF. STANDARD	730
Q3					YTD ACTUAL	723
Q4	899	730	723	(1.0%)	VARIANCE FROM STANDARD	(1.0%)

Indicator: **Number of injection/disposal wells verified to be noncompliant with any program regulation returned to compliance during year**

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	872
Q1					CURR. YR TARGET	790
Q2	477	350	539	54.0%	PERF. STANDARD	605
Q3					YTD ACTUAL	855
Q4	872	790	855	8.2%	VARIANCE FROM STANDARD	41.3%

Indicator: **Net number of injection/disposal wells out of compliance with any program regulation**

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	489
Q1					CURR. YR TARGET	470
Q2	228	750	544	(27.5%)	PERF. STANDARD	663
Q3					YTD ACTUAL	330
Q4	489	470	330	(29.8%)	VARIANCE FROM STANDARD	(50%)

Analysis of Indicators:

The objective of the Public Safety Program within the Office of Conservation is to protect public safety and the environment while ensuring that no injection/disposal wells that are out of compliance with environmental protection regulations are in operation.

The first performance indicator displayed, number of injection/disposal wells verified to be noncompliant with any program regulation during current year, quantifies the agency's current year citations of injection/disposal wells for violations. A given well may be cited for violation more than once during the year, but is only counted once for the purposes of this indicator. Follow-up investigations ensure that wells in violation of the agency's rules are brought back into compliance. <u>The 4th quarter target was 730 and the actual year-end value was 723, or a variance of -1%.</u>

The second performance indicator displayed, number of injection/disposal wells verified to be noncompliant with any program regulation returned to compliance during current year, also quantifies the agency's ability, in the current year, to follow-up on noncompliant injection/disposal wells, including wells noncompliant from prior years, and ensures that violations are corrected. The agency revised the year-end target to 790 during the 3rd quarter due to a State Hiring Freeze that reduced the Division's technical staff, and resulted in a decline in the value reported for this indicator during the 3rd quarter. However, continued agency efforts, along with operator's efforts to correct violations, resulted in more injections/disposal wells returned to compliance than anticipated. <u>The year-end target was 790 and the actual year-end value reported was 855, resulting in a positive target variance of 8.2%.</u>

The third performance indicator displayed, net number of injection/disposal wells out of compliance with any program regulation, quantifies the net number of injection/disposal wells under agency enforcement action that have not been returned to compliance. <u>The 4th quarter target was projected at 470 and the actual value reported was 330, or a variance of 29.8%.</u> Since this indicator is a direct result of the previous two indicators, any variations in those numbers (in this case, the variance for the second indicator), affects the final result for this indicator. The intent of this indicator is to show the instantaneous number of injection/disposal wells out of compliance with any program regulation, which the program reduced from the previous year's balance of 489 to the FY 01/02 balance of 330.

Budget Impact:

The three performance indicators reported demonstrate the agency's resolve in identifying noncompliant wells and returning those noncompliant wells to compliance. The agency's continued ability in identifying problem wells, and returning as many of those wells to compliance as possible reduces the probability of noncompliant wells posing a risk to the public safety and environment. The agency's inability to adequately perform the tasks presented by the performance indicators could have a detrimental impact on underground sources of drinking water and the environment. The resulting environmental degradation could lead to substantial funds required for clean-up activities, as well as funds required should litigation arise from any such incident.

LFO Comment:

Since the agency began reporting the net results of these performance indicators, beginning with FY 99-00, it has become evident that in FY 01-02, the program fulfilled the overall goal of reducing the net number of injection/disposal wells out of compliance with any program regulation. The net number of injection/disposal wells out of compliance with any program regulation was 462 in FY 99-00, 489 in 00-01, and 330 in FY 01-02. This significant reduction reflects the agency's success in reducing potential risks to the public and environment, by reducing the net number of noncompliant injection/disposal wells.

Department: Environmental Quality **SCH. # 13-850**

Agency: Office of the Secretary **Analyst: Robert Hosse**

Issue: The supporting performance indicator, number of watershed management plans, reflects a negative variance of approximately 18%. However, 25% of the staff currently on board had less than 4 months of experience with DEQ, and this was the first "set" of watershed management plans developed for implementation of Total Maximum Daily Load's (TMDL's).

Indicator: Number of watershed management plans

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	0
Q1	N/A	0	N/A	N/A	CURRENT YR TGT	11
Q2	N/A	0	N/A	N/A	PERF STANDARD	11
Q3	N/A	0	N/A	N/A	YTD ACTUAL	9
Q4	N/A	11	9	(18.2%)		

Indicator: Cumulative percent of (476) waterbody subsegments monitored and sampled

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	53%
Q1	N/A	N/A	N/A	N/A	CURRENT YR TGT	79%
Q2	N/A	N/A	N/A	N/A	PERF STANDARD	79%
Q3	N/A	N/A	N/A	N/A	YTD ACTUAL	79%
Q4	53%	79%	79%	0.0%		

Analysis of Indicators:

DEQ was only able to complete 9 watershed management plans relative to their target of 11 such plans by the end of FY 02. This was a new indicator in FY 02 and the variance from targeted performance was due to several factors. Out of 9 total employees in the Nonpoint Source Unit, which number includes the Supervisor, 2 of the employees were hired in the Fall of FY 02, and had less than 4 months of work experience with DEQ. As well, this was the first "set" of watershed management plans developed for implementation of TMDL's., and DEQ had little to no experience on which to base their estimate of a reasonable target. Creation of watershed management plans requires cooperation from numerous nonpoint source partners, who must schedule time to participate in the discussion of the watershed plan's details, and be willing to implement best management practices as a means to control nonpoint sources of pollution into a waterbody.

Background Information
The development of watershed management plans is driven by the results of monitoring and sampling of the state's 476 waterbody subsegments. The ambient data generated from monitoring/sampling is used to determine whether the waterbodies are meeting water quality standards or are impaired (not meeting those water quality standards). A Total Maximum Daily Load (TMDL) must be developed for the targeted pollutant for each impaired waterbody. After the TMDL has been developed, implementation of the TMDL must be initiated. Watershed management plans are implementation plans for the nonpoint sources that have been identified in the TMDL as contributing to the total pollutant load that is causing impairment to occur. The performance data for the key indicator, cumulative percent of waterbody subsegments monitored and sampled, is provided on the previous page and reflects the cumulative progress of the state's effort to monitor and sample the 476 subsegments of waterbodies within Louisiana's 12 basins. This effort is done on a five year rotational basis and is anticipated by DEQ to be complete (100%) by December, 2002. At the end of FY 02, nine of the 12 waterbasins had been monitored and sampled, leaving three waterbasins to be completed in FY 03, the Atchafalaya Basin, Red River Basin, and Sabine Basin.

Budget Impact:
DEQ has established a target of 7 watershed management plans to be completed in FY 03. The department appears to have adequate resources to address the activities required within this program at the current rate. The department has also gained some experience in terms of both their staff and the process of developing these plans and should be able to address and complete these plans in a timely manner in FY 03.

LFO Comment:
The department has indicated that it has identified at least another 50 of these watershed management plans that will have to be completed based on its assessment of the TMDL's which have already been developed. If the department completes 10 of these watershed management plans per year, it will take at least 5 years to finalize the remaining plans that DEQ is already aware of which will need to be completed.

Department: Environmental Quality **SCH. # 13-851**

Agency: Office of Environmental Compliance **Analyst: Robert Hosse**

Issue: The objective of this particular indicator is to ensure protection of public health by inspecting , among other things, radiation licensed facilities. DEQ fell short of inspecting 25% of approximately 3,900 x-ray registrants due to the loss of 2 radiation inspector positions in FY 02 and unexpected emergency events which occurred during the year that consumed manpower resources.

Indicator: Percent of x-ray registrations inspected

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YR	24%
Q1	6%	6%	6%	0.0%	CURRENT YR TGT	25%
Q2	13%	14%	13%	(7.1%)	PERF STANDARD	20%
Q3	19%	20%	22%	10.0%	YTD ACTUAL	23%
Q4	24%	25%	23%	(8.0%)		

Analysis of Indicators:

The Environmental Compliance Surveillance Division's inspection goal for FY 02 was to inspect 25% (or 980) of the approximately 3,900 x-ray registrants. DEQ was only able to complete 886 inspections out of the 980 which were targeted. During FY 02, the Surveillance Division lost 2 radiation inspectors. One position was based in the Acadiana Regional Office. This position was vacated in December 2001, frozen by Executive Order in February 2002, and was subsequently cut for the FY 03 budget year. The other position was based in the Southeast Regional Office. This position was vacated in December 2001, was frozen in February 2002, but has been retained in the FY 03 budget. The following table reflects the inspection goals versus the actual inspections by region for FY 02.

Region	Goal	Actual	% of Goal
Acadiana	108	38	35%
Capitol	237	326	138%
Northeast	142	92	65%
Northwest	133	140	105%
Southeast	300	233	78%
Southwest	60	57	95%

Additionally, two emergencies involving Iridium-192 required special attention, time, and effort on the part of the department's inspection staff. One of these events involved the Citgo Refinery explosion of January 18, 2002 that required extended assistance from the Acadiana Office. The other event involved a well publicized international incident involving an Iridium-192 container shipped from Sweden. It was found to be emitting radiation at the Federal Express freight terminal at the Louis Armstrong International Airport on January 2, 2002. Both incidents were unexpected and consumed considerable staff time and effort.

DEQ has addressed the negative variance in this indicator with several approaches. First, the department has assigned some of the Acadiana x-ray inspections to the Capitol Regional Office staff, which has adequate staffing to address the radiation media in its region (138% of its targeted inspections were accomplished), and is able to assist in inspections in the Acadiana and Southeast Regions. As well, the department is continuing to cross-train other media inspectors to conduct radiation inspections in each region. DEQ is currently training two inspectors primarily focused on other media in the Acadiana Region and one inspector primarily focused on other media in the Southeast Region to conduct x-ray inspections. It is anticipated by the department that these inspectors can allocate a portion of their time to radiation and still keep up with their primary media. DEQ currently has 9 positions primarily focused on x-ray registrations.

Budget Impact:
There is no anticipated direct budget impact associated with this indicator at this time. Despite the loss of 1 position relative to the beginning of FY 02, the department appears to have shifted adequate resources to address the activities required within this program, and is cross training certain employees in an effort to be more flexible in addressing unanticipated events, while hopefully maintaining its targeted inspections.

LFO Comment:
Although the department fell short of the target for this performance indicator in FY 02, it has taken appropriate steps to address this variance and should be able to meet its targets in the current fiscal year. This indicator adresses x-ray equipment used in industrial applications as well as dental and other medical offices. Mammography x-ray equipment inspections are not included in this indicator's data. DEQ inspects 100% of mammography registrations annually.

Department: Civil Service **SCH. # 17-561**
Division of Administrative Law **Analyst: K. Sewell**

Issue: Performance reporting should be expanded to include indicators that reflect the agency's workload.

Indicator: Number of cases docketed

QUARTERLY	PRIOR YEAR	CURRENT EST	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	10,556
Q1	2,268	2,375	2,387	0.5%	CURRENT YEAR TARGET	9,500
Q2	5,862	4,750	5,932	24.9%	PERFORMANCE STANDARD	9,545
Q3	8,425	7,125	8,568	20.3%	YTD ACTUAL	11,769
Q4	10,556	9,500	11,769	23.9%	VARIANCE FROM STANDARD	23.3%

Indicator: Number of hearings conducted

QUARTERLY	PRIOR YEAR	CURRENT EST	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	9,403
Q1	1,676	1,800	1,871	3.9%	CURRENT YEAR TARGET	7,900
Q2	4,812	3,950	4,643	17.5%	PERFORMANCE STANDARD	7,900
Q3	6,900	5,925	7,120	20.2%	YTD ACTUAL	9,388
Q4	9,403	7,900	9,388	18.8%	VARIANCE FROM STANDARD	18.8%

Indicator: Number of decisions ordered or issued

QUARTERLY	PRIOR YEAR	CURRENT EST	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	9,263
Q1	1,739	2,320	2,408	3.8%	CURRENT YEAR TARGET	6,600
Q2	4,796	3,300	5,649	71.2%	PERFORMANCE STANDARD	6,600
Q3	6,411	5,000	8,296	65.9%	YTD ACTUAL	10,875
Q4	9,263	6,600	10,875	64.8%	VARIANCE FROM STANDARD	64.8%

Analysis of Indicators

The Division of Administrative Law (DAL) is comprised of an Administration Program. Within the Administration Program are six performance indicators, four are key and two support. A review of the performance indicators for the fourth quarter show that all targets were met or exceeded. The performance standards for FY 2003 have been increased to more accurately reflect the agency’s workload.

Budget Impact:
Based upon the results of the year-end report for FY 02, it is impossible to determine a level of efficiency for this agency. The DAL does not track any indicators that measure the internal process that occurs from docket to decision or orders issued on cases. There should be indicators that measure the various stages of the process. The DAL was asked to provide supporting data such as, types of decisions rendered, average length of time to conduct a hearing, etc., this office was told that the DAL does not currently track such information.

LFO Comment:
This office recommends that additional data be tracked by the DAL and included in the Performance Indicator Report. Examples of additional tracking may include, but is not be limited to:

General Performance Indicator
1). Average number of hours spent in a hearing (may want to differentiate between major hearings seven hours or more to conduct and non major hearings less than seven hours to conduct)
2). Number of departments or agencies served
3). Number of hours billed to departments or agencies (This indicator should help analysts tie back to IATs of revenue from various departments to the DAL for services rendered.)

Key Indicator
1). Average time to dispose of a case (average number of days between the date that the case is received and the day the case is finally disposed).
2). Average number of days to schedule a hearing (from docket to hearing).

Supporting Indicator
1). The Agency already tracks the number of hearings conducted. A good support indicator would be to track the number of major and non major hearings that are conducted.

Dept: Higher Ed. **Agencies: Various Institutions** **SCH. # 19-615, 620, 671**

Analyst: C. Rome

Issue: Number of Students Earning Education Degrees

Indicators: See Below

Board of Regents
Number of Students Earning Ed. BA degrees

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	N/A
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	2390
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	2390
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	1936
Q4	N.A	2390	1936	(19.0%)	VARIANCE FROM STANDARI	-19.0%

Board of Regents
Percentage Difference in Number of Students earning Ed. BA degrees over Fall 2000

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	N/A
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	4
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	4
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	-15.7
Q4	N.A	4	-15.7	(492.5%)	VARIANCE FROM STANDARI	-492.5%

Southeastern
Number of Education Majors

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	2064
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	1972
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	2182
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	1973
Q4	2064	1972	1973	0.1%	VARIANCE FROM STANDARI	-9.6%

Southeastern
Number of Students Earning Ed. BA degrees

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	239
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	255
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	255
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	234
Q4	239	255	234	(8.2%)	VARIANCE FROM STANDARI	-8.2%

Southeastern
Percentage Difference in Number of Students earning Ed. BA degrees over Fall 2000

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	-1.6
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	5
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	5
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	-3.7
Q4	-1.6	5	-3.7	(174.0%)	VARIANCE FROM STANDARI	-174.0%

Southern A & M
Number of Students Earning Ed. BA degrees

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	115
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	115
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	115
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	-15.7
Q4	115	115	67	(41.7%)	VARIANCE FROM STANDARI	-113.7%

University of Louisiana - Monroe
Number of Education Graduates

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	106
Q1	N.A	N.A	N.A	N.A	CURRENT YEAR TARGET	120
Q2	N.A	N.A	N.A	N.A	PERFORMANCE STANDARD	120
Q3	N.A	N.A	N.A	N.A	YTD ACTUAL	98
Q4	106	120	98	(18.3%)	VARIANCE FROM STANDARI	-18.3%

Analysis of Indicators:

The seven performance indicators on this and the previous page illustrate that the number of students pursuing and obtaining B. A. degrees in Education is declining significantly. In response to these declines, the Board of Regents stated that "Following the urging of the US Department of Education and the recommendations of the Blue Ribbon Commission, colleges of education revised their graduation requirements to include passage of all sections of the professional education examination (PRAXIS) prior to graduation. One of the results of this recent action is a delay in graduation for many students who have completed all other graduation requirements but have not passed all sections of PRAXIS. This explains in large part the decline in the number of baccalaureate graduates in education."

The Board of Regents goes on to explain that "Louisiana has taken significant steps to redesign and upgrade programs designed to prepare classroom teachers." The efforts of the Board of Regents have the following goals: (1) support Universities' efforts to recruit strong teacher candidates; (2) increase the availability of certified educators within Louisiana; (3) assure a high level of professional competencies in newly prepared teachers; and (4) support recent program completers to increase retention within the teaching profession. To these aims, the Board of Regents and the Department of Education have taken steps to streamline the number of certification areas and by developing a fast track Practitioner Teacher Program as an alternative to traditional certification programs.

Budget Impact:

There is no direct budgetary impact due to a declining number of students pursuing and obtaining B. A. degrees in Education. However, to the extent that education enrollment continues to decline, institutions should consider adjusting staffing accordingly.

LFO Comment:

The Legislative Fiscal Office questions how efforts of the Regents' Teacher Quality Initiative will result in more students pursuing and obtaining B. A. degrees in Education. Many of the efforts related to this Initiative focus on redesigning teacher education programs. These efforts may improve the quality of teacher education, but are unlikely to result in more students pursuing and obtaining B. A. degrees in Education.

The Legislative Fiscal Office believes that the shortage of teachers is due to market forces that are unlikely to be affected by the Board of Regents' Teacher Quality Initiative. It is likely that efforts of the Teacher Quality Initiative will result in a smaller supply of certified teachers, which would increase the teacher shortage in Louisiana.

As an example, students are now required to pass the PRAXIS exam to graduate from a teacher education program in Louisiana. This requirement will obviously reduce the potential number of education graduates. Louisiana is also developing a Teacher Preparation Accountability System. Changes made in teacher education programs resulting from the implementation and use of this Accountability system could further reduce the number of education students and graduates.

Efforts to increase the number of education students and potential teachers have progressed more slowly than efforts to redesign education programs. As an example, the web page for "Teach Louisiana", called "The Career Development Network For Louisiana Educators" is still in the developmental stage. Furthermore, it is unclear to the Legislative Fiscal Office how this Network will increase the supply of certified personnel in Louisiana without changes to the underlying market structures affecting the supply of teachers.

Louisiana is also piloting a Practitioner Teacher Program. The Practitioner Teacher Program is an approved Louisiana alternative certification program. An alternative certification program provides opportunities for individuals with non-education degrees to become certified public school teachers. The Practitioner Teacher Program is a streamlined alternative certification system that allows individuals to become certified through a combination of coursework (either in the form of credit hours or contact hours) and full-time teaching. Candidates must demonstrate content knowledge, instructional expertise, and classroom management skills.

This Practitioner Teacher Program holds the potential to increase the supply of teachers by providing more access to the profession by non-traditional students. Louisiana should include performance information on this program in future performance reports. Louisiana also has 13 public universities that have teacher preparation programs. LAPAS only provides direct performance information on the number of education students and degrees for three of these 13 public universities. The other 10 universities should include performance information on the number of education students and degrees in future performance reports.

Dept: Sp. Schools Agency: Off. of St. Fin. Asst. SCH. # 19-661
Analyst: Charley Rome

Issue: Increase in START accounts

Indicators: Number of START contributers, percentage increase in START participation, and increase in principle START deposits.

Indicator: Number of START contributers

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	3,945
Q1	N/A	N/A	N/A		CURRENT YEAR TARGET	5,300
Q2	N/A	N/A	N/A	N/A	PERFORMANCE STANDARD	5,300
Q3	N/A	N/A	N/A		YTD ACTUAL	5,673
Q4	3,945	5,300	5,673	7.0%	VARIANCE FROM STANDARD	7.0%

Indicator: Dollar value of START principle deposits

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	5,049,832
Q1	N/A	N/A	N/A		CURRENT YEAR TARGET	8,800,000
Q2	N/A	N/A	N/A	N/A	PERFORMANCE STANDARD	6,150,000
Q3	N/A	N/A	N/A		YTD ACTUAL	11,088,157
Q4	5,049,832	8,800,000	11,088,157	26.0%	VARIANCE FROM STANDARD	80.3%

Indicator: Percentage increase in START participation

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	30
Q1	N/A	N/A	N/A		CURRENT YEAR TARGET	6
Q2	N/A	N/A	N/A	N/A	PERFORMANCE STANDARD	6.1
Q3	N/A	N/A	N/A		YTD ACTUAL	31
Q4	30	6	31	416.7%	VARIANCE FROM STANDARD	408.2%

Analysis of Indicators:

START refers to the Student Tuition Assistance Revenue Trust Program. START is designed to help families save for their children's postsecondary education. The program is administered by the Office of Student Financial Assistance (OSFA) under the direction of the Louisiana Tuition Trust Authority, or LATTA. START accounts may be opened on behalf of a child by a parent, grandparent, legal guardian, a person claiming the child as a dependent on their tax return, family member, or any other person who would like to save for a child's college expenses. As an incentive to save, the State of Louisiana will match a portion of START deposits. The percentage match is based on the contributor’s adjusted gross income and declines as income increases.

Information on the previous page shows that the number of START contributors and the dollar amount of their deposits have increased dramatically. OSFA claims that increased public awareness coupled with the knowledge that START will begin offering equity investment alternatives accounted for the increase in the number of accounts opened. Anticipated investments opportunities attracted higher account balances, and participants rolled monies over from other state plans to receive tax advantages, state matches, and added investment opportunities.

Budget Impact:

The budgetary impact of increased START participation and deposits is modest. The total value of state matches to START accounts totaled $361K in FY 2001-2002. However, the actual START cash disbursements for FY 2001-2002 were approximately $9,600. The actual cash disbursements are less than the state matches for two reasons. The first reason is that matches are applied as contributions are made, while cash disbursements occur much later when students actually attend school. Furthermore, if students do not use START contributions for qualified higher educational expenses, contributors forfeit state matches made on the student's behalf.

LFO Comment:

It is a common misconception that TOPS will pay the entire cost of higher education. In most cases, TOPS only pays for the tuition of students. The cost of attending higher education is significantly higher. Many students will be unable to pursue higher education opportunities due to other costs. START attempts to address this situation, and allow savings for college from birth to attendance.

Participation in START disproportionately benefits lower income individuals and students. Louisiana matches START contributions based on the following Adjusted Gross Income (AGI):

$0 to $29,999	14 percent
$20,000 to $44,999	12 percent
$45,000 to $59,999	9 percent
$60,000 to $74,999	6 percent
$75,000 to $99,999	4 percent
$100,000 and above	2 percent

Lower income students have much lower higher education participation rates due to the higher cost of attendance. START can provide a significant contribution to the educational expenses of such students. The Legislative Fiscal Office recommends that OSFA and the Legislature continue the efforts to market and expand this program.

BESE	**Administration**	**SCH. # 19-666** **Analyst: Mary K. Drago**
Issue:	**The amount of loans distributed to Charter Schools in relation to the appropriation of loan funds**	
Indicator:	**Funds administered through the Charter School Loan activity**	

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YEAR	200,000
Q1	0	100,000	0		CURRENT YEAR TARGET	400,000
Q2	0	100,000	0	(100.0%)	PERFORMANCE STANDARD	1,800,000
Q3	0	100,000	0		YTD ACTUAL	100,000
Q4	200,000	100,000	100,000	0.0%	VARIANCE FROM STANDARD	-94.4%

Analysis of Indicators:

The Charter School Loan Fund performance standard sets a goal to loan $1.8 million to eligible Charter Schools. Only one loan of approximately $100,000 was provided for in FY 01-02, thus resulting in a negative 94.4% variance. The Charter School Loan Fund is statutorily dedicated and was created to provide a source for funding no-interest loans to assist both existing and new Type 1, 2 or 3 Charter Schools with initial start-up funding and for funding the administrative and legal costs associated with the charter school program.

Budget Impact:

Loans shall be made only to Type 1, 2 or 3 Charter Schools and shall not exceed $100,000 for each school. These loans are to be repaid with no interest within three years. In FY 01-02 BESE was appropriated $1,826,706 from the Charter School Loan Fund. The actual loan extended in FY 01-02 was for $95,214. As of October 16, 2002 the Charter School Loan Fund had a balance of approximately $2.14 million and approximately $1.5 is appropriated to BESE for FY 02-03, resulting in over $3 million associated with this fund. To date only 3 loans totaling $295,214 have been extended to Charter Schools since the creation of the loan in 1997. The loan fund was provided $3 million of general fund in FY 97-98 through Act 319 of 1997.

LFO Comment:

The Charter Schools may take advantage of the Loan Program on a voluntary basis. There have been loans in the amount of $295,214 since the loan fund was created, while the appropriations each year have exceeded $1 million. BESE has indicated that there are 2 new Charter Schools and 6 pending.

Due to the lack of interest in obtaining loans and the minimal amount of dependance on the loan for administrative and legal costs associated with the charter school program it seems that a portion of the money in the fund, possibly half of the monies, may be put to better use elsewhere in the budget.

State Dollars Saved as a Resut of Audits of School Districts

	FY 93-94	FY 94-95	FY 95-96	FY 96-97
State dollars saved	$1,877,350	$2,367,994	$2,905,208	$2,961,111
Cumulative state dollars saved	$1,877,350	$4,245,344	$7,150,552	$10,111,663

	FY 97-98	FY 98-99	FY 99-00	FY 00-01
State dollars saved	$3,411,397	$2,246,193	$3,011,720	$6,382,521
Cumulative state dollars saved	$13,523,060	$15,769,253	$18,780,973	$25,057,619

Analysis of Indicators:

Since FY 93-94 the average annual savings realized from MFP audits was approximately $2.7 million. In FY 00-01 the total amount of state dollars saved was $6.3 million, approximately 138% over the average of the past 7 years. The amount of state dollars saved through the audits is approximately 3% of the total appropriation of the MFP. The cumulative amount of state dollars saved since the creation of the Division of Education Finance is $25,057,619.

The performance indicator data entered into LAPAS shows a zero for FY 02 for both of the above indicators. The data used to calculate the indicators for a given year is not finalized and available until the next fiscal year, therefore there is no information for the year-end of FY 02 at this time. Although there is no data available at this time for FY 02, the amount of state dollars saved for FY 00-01 should be noted.

Budget Impact:

There are 5 auditors currently working on these audits within the Department of Education. These employees also audit other databases compiled by the Department. The MFP was appropriated $1.8 billion in FY 93-94 and has grown to $2.4 billion in FY 02-03.

LFO Comment:

The Audit Division noted that their scope of audit has expanded. They were able to identify seniors that were counted for two consecutive years, but had actually graduated. A report was run that compared students in the LANSER database, the special education student database, and in the SIS database, the Student Information System database. They identified students that may have been listed on one and not another, and made corrections. These two reports identified a significant amount of the savings. The auditors identified students that were incorrectly counted in the MFP, and the resulting savings was $6.3 million.

The Division of Education Finance has continually met their goals of identifying savings through MFP audits. The funds expended to conduct these audits result in significant savings of state dollars.

Education	State Activities	SCH. # 19-678 Analyst: Mary K. Drago

Issue: **Percent of students tested by the Summer LEAP**

Indicator: **Percent of eligible students tested by the Summer Retest for LEAP 21**

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	ANNUAL	
					PRIOR YEAR	79
Q1	0	0	0		CURRENT YEAR TARGET	100
Q2	0	0	0		PERFORMANCE STANDARD	100
Q3	0	0	0		YTD ACTUAL	88
Q4	79	100	88	(12.0%)	VARIANCE FROM STANDARD	-12.0%

Analysis of Indicators:

The percent of eligible students tested by the Summer Retest for LEAP 21 is 12% below the performance standard, but has increased 11.4% over the prior year. The Summer Retest is available to all eligible students, but some children and/or parents do not exercise the option to retake the test.

School systems were required for the first time to offer a minimum of 50 hours of instruction per unit for the summer remediation. The Department of Education noted that summer school participation was higher than in previous years.

Of the 4th grade students retested, 50% passed English and 53% passed Math in the summer. Of the 8th grade students retested, 36% passed English and 29% passed Math in the summer. Although these numbers may not seem significant, the total number of students improving their score should be noted. Of the 4th grade students retested, 81% improved their English scores and 82% improved their Math scores. Of the 8th grade students retested, 74% improved their English scores and 65% improved their Math scores.

Budget Impact:

The funding allocated to each district was calculated on a per unit basis. One unit of remediation was equal to one student enrolled in one subject. The districts received approximately $186.27 per unit of summer remediation funding. In total there was $11.5 million allocated to the districts for Summer Remediation. The Department retested 40,250 students during the summer. According to the contract proposals for the LEAP, the

Department's costs for summer administration is approximately $96,300.

LFO Comment:

The percentage of students passing the LEAP 21 test in the Spring or Summer has increased as well as the percentage of students improving their scores. Of those students who continue to score unsatisfactory on the summer retest, it appears that a large percentage of the special education and section 504 students are in that category.

Education **MFP** **SCH. # 19-695**
Analyst: Mary K. Drago

Issue: **The number of districts not meeting the 70% expenditure mandate have increased**

Indicator: **Number of districts not meeting the 70% instructional expenditure mandate**

QUARTERI	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST
Q1	0	0	0	
Q2	0	0	0	
Q3	0	0	0	
Q4	5	4	14	250.0%

ANNUAL	
PRIOR YEAR	5
CURRENT YEAR TARGET	4
PERFORMANCE STANDARD	4
YTD ACTUAL	14
VARIANCE FROM STANDARD	250.0%

Analysis of Indicators:

There were 14 out of 66 school districts that did not meet the 70% instructional expenditure mandate set forth in SCR 139 of the 2001 Regular Legislative Session. The performance standard is set at 4, thus the final variance is 250%. In the past few years there have only been about four or five districts that have not met this requirement.

Budget Impact:

The MFP appropriation for FY 01-02 was $2.4 billion. The districts not meeting their 70% expenditure mandate were high and low scoring districts relative to their 2001 District Performance Scores. They were also high and low ranked districts based upon their wealth factor in the MFP.

LFO Comment:

The districts that did not meet the 70% instruction expenditure mandate are as follows: Cameron, Catahoula, East Baton Rouge, East Carroll, Grant, Iberville, Jackson, Morehouse, Plaquemines, Red River, St. Helena, Tensas, West Feliciana and Winn.

There are several reasons listed for not meeting the requirement. The Department of Education has stated that the reasons seemed to be consistent over the districts. Some reasons given are:
1) operational costs increasing at a much greater percentage than instructional costs (such as the costs of health benefits, energy costs, increases in liability insurance),

2) higher transportation costs,
3) younger, less experienced teaching staff earning lower salaries and thereby reducing overall salary expenses,
4) aging bus fleets needing replacement and aging facilities requiring increased maintenance and repair.

These costs and occurrences may continue in the future, thus causing the districts to continually fail to meet the 70% instruction expenditure mandate. In the past, there have been no consequences involved in not meeting the expenditure mandate.

Department - HIED	**Agency**	**LSUHSC - HCSD**	**SCH. #**	**19-610**
			Analyst:	**Shawn H.**

Issue: Utilization

Indicator: Average daily census - all hospitals

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YR	1,005
Q1					CURRENT YR TGT	988.9
Q2		978.5	930.3	(4.9%)	PERF STANDARD	1,005
Q3					YTD ACTUAL	917.5
Q4	1005	988.9	917.5	(7.2%)		

Indicator: Readmission rate (see table below for individual hospital variances)

QUARTERLY	PRIOR YEAR	CURRENT TARGET	ACTUAL	ACTUAL /EST	**ANNUAL**	
					PRIOR YR	
Q1					CURRENT YR TGT	
Q2					PERF STANDARD	
Q3					YTD ACTUAL	
Q4						

Analysis of Indicators:
The average daily census (ADC) is a measure of the average number of inpatients occupying acute care beds in a hospital on any given day. The formula divides the total number of acute care inpatient days in a hospital by the number of days in a reporting period. This analysis is a continuation, or follow up, of the mid-year analysis of the average daily census indicator.

Mid-year analysis reported that 7 of the 9 hospitals had a variance greater than 5%, in which 6 of the 7 hospitals reported average daily census actuals lower than the second quarter targets. This was attributed, in large part, to the seasonality of census. For this reason, the census indicator was reviewed at year-end to determine if mid-year variances were a temporary decrease in utilization, or a downward trend.

As a system, actual average daily census was 7.2% lower than the 4th quarter target. This represents a greater variance than the mid year ADC.

The table below represents average daily census variances for mid-year and year-end by hospital.

Hospital	Mid-year variance	Year-end variance
E.A. Conway	(6.9%)	(6.8%)
E.K. Long	(5.8%)	(3.6%)
H.P. Long	(3.9%)	(7.8%)
University	(7.5%)	(14.3%)
W.O. Moss	(15.3%)	(16.4%)
Lallie Kemp	(10.8%)	(11.2%)
W./St Tammany	11.7%	7.3%
L.J. Chabert	(8.3%)	(1.5%)
MCLNO	(2.9%)	(7.4%)
Total	**(4.9%)**	**(7.2%)**

Average daily census actuals are lower than 4th quarter targets in 8 of the 9 LSUHSC-HCSD hospitals. This variance may suggest that the actuals may be more of a trend than seasonal. Year-end actuals for the previous 6 years are represented below, and shows that the ADC has dropped from FY 96/97.

Year	97	98	99	00	01	02
census	1,141	1,107	1,061	1,068	1,005	917.5

Analysis for the 4th quarter revealed that six(6) of the nine(9) hospitals had a negative variance greater than 5%. HCSD explanations by hospital are as follows. E.A. Conway, H.P. Long, University Medical Center, and W.O Moss hospitals attribute negative variances to not being able to open all beds due to staffing or budget constraints. Lallie Kemp Regional Medical Center attributes the negative variance to the loss of Oschner Health Plan 65 and the Oath Plan., and the Medical Center of Louisiana in New Orleans negative variance is representative of a reduction in beds due to nursing shortages as well as ER diversions.

Aside from workforce shortages, budget shortfalls, and market forces affecting average daily census, a reduction in admissions and readmissions may suggest, in part, why actuals are lower than targets in some of the hospitals. Readmission rate is a key indicator for the hospitals, and is defined as total readmissions for any cause or diagnosis occurring within 32 days of discharge. The readmission rate is calculated on all areas of care. The table below represents readmission rate by hospital.

Hospital	Target	Actual	Variance
E.A. Conway	10.5	8.1	(22.9%)
E.K. Long	8.0	7.6	(5.0%)
H.P. Long	9.0	7.8	(13.3%)
University	6.5	6.7	3.1%
W.O. Moss	10.5	9.6	(8.6%)
Lallie Kemp	10.5	9.2	(12.4%)
W./St Tammany	9.0	9.4	4.4%
L.J. Chabert	10.5	9.3	(11.4%)
MCLNO	10.5	10.4	(1.0%)

Seven (7) of the nine (9) hospitals had lower readmission rates than targeted, or projected.

Budget Impact:

Expected peaks and decreases in utilization, or the seasonality of census, are built into revenue projections. However, a continued downward trend in average daily census could affect revenue into the hospitals.

LFO Comment:

The actual average daily census is down in eight (8) of the nine (9) HCSD hospitals. As noted above, explanations for the factors leading to these variances include nursing shortages and budget issues leading to bed closures, market forces, and ER diversions. Review of the readmission rate indicator shows that readmission rates are lower than targets in seven (7) of the nine (9) hospitals. Readmitting fewer patients to these hospitals may also suggest, in part, why actual census varies from the targets. Variances in the readmission rate have been attributed to Disease Management and the Indigent Drug programs.

The variances in the ADC appear to be more of a trend. The ADC, along with other utilization indicators, and the indicators associated with the Disease Management program will be reviewed in the out-years to review trends in patient utilization in the HCSD hospitals.